Condensed Consolidated Interim Financial Statements of

WesternOne

For the three months ended March 31, 2015 and 2014

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WESTERNONE INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)
(Expressed in thousands of Canadian dollars)

	Notes	March 31, 2015	December 31, 2014
Assets			
Current assets:			
Cash and cash equivalents		$ 23,790	$ 5,891
Accounts receivable		69,148	78,573
Inventories		13,101	14,315
Construction contract assets		28,938	42,036
Deposits and prepaid expenses		3,099	2,953
Current taxes receivable		980	1,323
		139,056	145,091
Property and equipment		116,140	119,645
Intangible assets		37,183	38,420
Goodwill		53,743	53,743
Deferred income tax assets		401	1,552
Other assets		-	231
Total assets		$ 346,523	$ 358,682
Liabilities and Equity			
Current liabilities:			
Operating loans	3	$ 16,892	$ 17,716
Accounts payable and accrued liabilities		48,538	63,414
Capital and acquisition loans	3	73,024	74,655
Other current liabilities		2,320	2,681
		140,774	158,466
2011 Debentures	4	59,558	58,902
2013 Debentures	4	35,899	35,413
Other long-term liabilities		4,083	3,546
		240,314	256,327
Equity:			
Common shares	5	225,954	223,736
Contributed surplus		1,075	961
Shares issuable		-	1,386
Foreign currency translation reserve		1,264	713
Equity component of Debentures	4	15,640	15,642
Accumulated deficit		(140,154)	(142,313)
Shareholders' equity		103,779	100,125
Non-controlling interest		2,430	2,230
Total equity		106,209	102,355
Total liabilities and equity		$ 346,523	$ 358,682

See accompanying notes to condensed consolidated interim financial statements.

WESTERNONE INC.

Condensed Consolidated Interim Statements of Income (Loss)
(Unaudited)
(Expressed in thousands of Canadian dollars)

For the three months ended March 31, 2015 and 2014

	Notes		2015		2014
Revenue	6	$	88,257	$	99,027
Cost of sales	7		62,996		76,678
Gain on sale of property and equipment			1,326		1,134
Gross profit			26,587		23,483
Operating expenses:					
General and administration (including depreciation and amortization of operating and intangible assets)	9		15,731		13,657
Other expenses:					
Finance costs			4,813		3,505
Income from continuing operations before income taxes			6,043		6,321
Income tax expense			1,723		1,471
Net income from continuing operations			4,320		4,850
Net loss from discontinued operations, net of income taxes	12		-		(1,620)
Loss on disposal of discontinued operations, net of income taxes	12		(74)		-
Net loss from discontinued operations			(74)		(1,620)
Net income		$	4,246	$	3,230
Net income from continuing operations attributable to:					
Shareholders			4,193		3,742
Non-controlling interest			127		1,108
Total		$	4,320	$	4,850
Net loss from discontinued operations attributable to:					
Shareholders			(74)		(1,295)
Non-controlling interest			-		(325)
Total		$	(74)	$	(1,620)
Basic and diluted weighted average income (loss) per Share:					
Continuing operations		$	0.11	$	0.12
Discontinued operations			(0.01)		(0.04)
Net income			0.10		0.08
Basic and diluted weighted average number of Shares			39,250,743		31,065,909

See accompanying notes to condensed consolidated interim financial statements.

WESTERNONE INC.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)
(Unaudited)
(Expressed in thousands of Canadian dollars)

For the three months ended March 31, 2015 and 2014

		2015		2014
Net income	$	4,246	$	3,230
Other comprehensive income (loss):				
(Item that may be reclassified to income in the future)				
Unrealized gain (loss) from foreign exchange translation		453		(661)
Comprehensive income		4,699		2,569
Net and comprehensive income from continuing operations attributable to:				
Shareholders		4,744		4,156
Non-controlling interest		29		1,291
Total	$	4,773	$	5,447
Net and comprehensive loss from discontinued operations attributable to:				
Shareholders		(74)		(2,302)
Non-controlling interest		-		(576)
Total	$	(74)	$	(2,878)
Total comprehensive income	$	4,699	$	2,569

See accompanying notes to condensed consolidated interim financial statements.

WESTERNONE INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)
(Expressed in thousands of Canadian dollars)

	Common shares	Contributed surplus	Shares issuable	Foreign currency translation reserve	Equity Component of Debentures	Accumulated deficit	Non-controlling interest	Total
Balance, December 31, 2013	$ 161,755	$ 922	$ -	$ (532)	$ 17,044	$ (105,806)	$ 513	$ 73,896
Issuance of Shares from conversion of Debentures	5,060	-	-	-	(1,323)	-	-	3,737
Issuance of Shares from redemption of 2010 Debentures	299	-	-	-	(79)	-	-	220
Issuance of Shares from equity financing, net of expenses	6,158	-	-	-	-	-	-	6,158
Dividends declared	-	-	-	-	-	(4,699)	-	(4,699)
Net distribution to non-controlling interest	-	-	-	-	-	-	(1,088)	(1,088)
Net income for the period	-	-	-	-	-	2,447	783	3,230
Other comprehensive loss	-	-	-	(593)	-	-	(68)	(661)
Stock based compensation expense and exercise of options	152	77	-	-	-	-	-	229
Balance, March 31, 2014	$ 173,424	$ 999	$ -	$ (1,125)	$ 15,642	$ (108,058)	$ 140	$ 81,022
Balance, December 31, 2014	$ 223,736	$ 961	$ 1,386	$ 713	$ 15,642	$ (142,313)	$ 2,230	$ 102,355
Issuance of Shares from conversion of Debentures	12	-	-	-	(2)	-	-	10
Issuance of Shares from the Plan, net of expenses	2,206	-	(1,386)	-	-	-	-	820
Dividends declared	-	-	-	-	-	(1,960)	-	(1,960)
Net investment from non-controlling interest	-	-	-	-	-	-	171	171
Net income for the period	-	-	-	-	-	4,119	127	4,246
Other comprehensive income (loss)	-	-	-	551	-	-	(98)	453
Stock based compensation expense	-	114	-	-	-	-	-	114
Balance, March 31, 2015	$ 225,954	$ 1,075	$ -	$ 1,264	$ 15,640	$ (140,154)	$ 2,430	$ 106,209

See accompanying notes to condensed consolidated interim financial statements.

WESTERNONE INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(Expressed in thousands of Canadian dollars)

For the three months ended March 31, 2015 and 2014

	Notes	2015	2014
Cash provided by (used in):			
Operating activities:			
Net income from continuing operations		$ 4,320	$ 4,850
Items not affecting cash:			
Amortization of tangible and intangible assets		6,119	5,288
Interest expense relating to amortization of transaction costs, conversion of Debentures and loss (gain) on derivatives		335	152
Deferred income tax expense		1,571	461
Share based compensation	8	114	88
Change in fair value of Debentures		1,152	369
Gain on sale of property and equipment		(1,326)	(1,134)
Interest		3,286	2,900
		15,571	12,974
Changes in non-cash working capital balances:			
Accounts receivable		9,656	(26,819)
Inventories		1,214	(1,131)
Construction contract assets		13,098	19,003
Deposits and prepaid expenses		(200)	(210)
Accounts payable and accrued liabilities		(14,876)	4,694
Other assets and liabilities		579	241
Net cash from operating activities of continuing operations		25,042	8,752
Investing activities:			
Purchase of property, equipment and software		(2,642)	(8,621)
Proceeds from the sale of property and equipment		2,590	2,275
Net cash used in investing activities of continuing operations		(52)	(6,346)
Financing activities:			
Common shares issued for cash, net of transaction costs		-	6,158
Dividends paid		(1,687)	(4,621)
Interest received		41	84
Interest paid		(3,327)	(2,984)
Proceeds from option exercise		-	141
Net investment from (distribution to) non-controlling interest		171	(1,088)
Net change in finance lease obligations		358	304
Advance from (repayment of) loans		(2,573)	4,313
Net cash from (used in) financing activities of continuing operations		(7,017)	2,307
Increase in cash and cash equivalents from continuing operations		17,973	4,713
Cash and cash equivalents from (used in) discontinued operations	12	(74)	4,751
Cash and cash equivalents, beginning of period		5,891	23,018
Cash and cash equivalents, end of period		$ 23,790	$ 32,482

See accompanying notes to condensed consolidated interim financial statements.

1. Corporate information:

WesternOne Inc. (the "Company") is incorporated under the *Canada Business Corporations Act* ("CBCA").

The Company is based in Vancouver, British Columbia ("BC"), and focuses on acquiring and growing businesses in the construction and infrastructure services sectors in order to generate value for its Shareholders.

The Company structures its operations in two principal business platforms:

- Heat services and aerial equipment: The Company has acquired seven businesses in this sector and has integrated the operations of these business units under the brand name "WesternOne Infrastructure Services" ("WIS"). This business specializes in providing: *(i)* heat and related services to the construction, infrastructure and oil and gas sectors; and *(ii)* aerial equipment for construction, television, and movie production. Some locations also provide general construction equipment rentals that complement the heat and aerial business. WIS has 16 locations in BC and Alberta.

- Modular building construction and rentals: The Company acquired the assets and business of Britco in June 2011 through its subsidiary, Britco LP ("Britco"). Britco provides temporary and permanent residential and commercial modular buildings and offers leading design-build capabilities for a wide range of customers in the infrastructure, construction, energy and resource sectors. Britco has one of the largest rental fleets of office space buildings in Western Canada consisting of office complexes, construction site offices, and storage containers. Britco has four modular construction facilities: *(i)* three locations in BC and Alberta in Canada; and *(ii)* one location in Texas, USA.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements and the notes thereto have been prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*. The condensed consolidated interim financial statements were authorized for issue by the Directors of the Company on May 11, 2015.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2014 and 2013. These statements follow the same accounting policies and methods of their application as described in the most recent annual financial statements.

(Expressed in thousands of Canadian dollars,
except Shares, Options, Debenture units, per Option and per Share amounts)

2. Basis of preparation (continued):

(b) New accounting standards not yet adopted:

(i) IAS 1 – *Presentation of Financial Statements*:

On December 18, 2014, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 - *Presentation of Financial Statements*. The objective of the amendments was to facilitate improved financial statement disclosures and should not require any significant changes to current practices. The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2016. The Company is currently evaluating the impact of IAS 1 on its consolidated financial statements.

3. Credit facilities:

The following table summarizes the carrying values and interest rates of the Company's senior credit facilities with a single Canadian chartered bank (the "Bank").

	Carrying value March 31, 2015	Carrying value December 31, 2014	Interest rates at March 31, 2015
Operating loans	$ 16,892	$ 17,716	4.85%
Capital loans	41,500	36,500	4.34 – 4.35%
Acquisition loans	31,524	38,155	4.34%
Total credit facilities	$ 89,916	$ 92,371	

Assuming that the contractual requirements of the capital and acquisition loans are met, and the demand feature is not exercised by the Bank, the required minimum principal repayments will be as follows:

April 1 to December 31, 2015	$ 10,223
2016	14,381
2017	15,116
2018	33,528
	73,248
Balance of transaction costs to amortize	(224)
	$ 73,024

As at March 31, 2015, the Bank made available to the Company and its subsidiaries standby guarantee facilities with a total authorized limit of $11,275. The annual fees of the facilities ranged from 2.17% to 3.25% of the outstanding value of the guarantee. As at March 31, 2015, the Company had drawn $11,220 of the standby guarantee facilities.

(Expressed in thousands of Canadian dollars,
except Shares, Options, Debenture units, per Option and per Share amounts)

4. Debentures:

(a) Convertible series 2 unsecured subordinated debentures (the "2011 Debentures"):

The following table summarizes the face and carrying value of the 2011 Debentures at March 31, 2015:

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance as at December 31, 2014	$ 71,039	$ 58,902	$ 11,782
Conversion to Shares	(12)	(10)	(2)
Mark to market as at March 31, 2015	-	666	-
Balance as at March 31, 2015	$ 71,027	$ 59,558	$ 11,780

(b) Convertible series 3 unsecured subordinated debentures (the "2013 Debentures"):

The following table summarizes the face and carrying values of the 2013 Debentures at March 31, 2015:

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance as at December 31, 2014	$ 51,750	$ 35,413	$ 3,860
Mark to market as at March 31, 2015	-	486	-
Balance as at March 31, 2015	$ 51,750	$ 35,899	$ 3,860

5. Common shares:

The following table summarizes the changes to the common shares (the "Shares") for the three months ended March 31, 2015:

Issued capital	Shares[1]	Shares outstanding
Balance as at December 31, 2014	$ 223,736	38,665,987
Conversion of Debentures	12	1,600
Issuance of Shares from the Plan	2,206	988,156
Balance as at March 31, 2015	$ 225,954	39,655,743

(1) Amounts are net of transaction costs where applicable.

(Expressed in thousands of Canadian dollars,
except Shares, Options, Debenture units, per Option and per Share amounts)

6. Revenue:

The following table presents the components of the Company's revenues, from continuing operations, for the three months ended March 31, 2015 and 2014:

	2015	2014
Sale of goods	$ 44,595	$ 46,890
Rentals and other services	23,110	17,485
Site construction work	20,552	34,652
Total	$ 88,257	$ 99,027

7. Cost of sales:

The following table presents the components of the Company's cost of sales, from continuing operations, for the three months ended March 31, 2015 and 2014:

	2015	2014
Cost of goods sold	$ 30,746	$ 34,711
Cost of rentals and other services	28,705	38,753
Depreciation of rental equipment	3,545	3,214
Total	$ 62,996	$ 76,678

8. Share based compensation:

The following table presents the details of the Share options granted and outstanding as at March 31, 2015:

	Number of share options	Exercise price
Outstanding, at December 31, 2014	1,612,500	$ 4.30 - 8.54
Expired or forfeited	(9,000)	8.03
Outstanding, at March 31, 2015	1,603,500	$ 4.30 - 8.54

For the three months period ended March 31, 2015, the Company recognized $114 of Share based compensation expense (2014 - $88).

(Expressed in thousands of Canadian dollars,
except Shares, Options, Debenture units, per Option and per Share amounts)

9. General and administration expenses:

The following table presents the Company's general and administration expenses according to their nature, for continuing operations, for the three months ended March 31, 2015 and 2014:

		2015		2014
Employee salary and benefits	$	8,042	$	6,495
Rent		1,526		1,246
Share based compensation expense		114		88
Depreciation of property and equipment		1,190		862
Amortization of intangible assets		1,384		1,212
Professional fees		730		636
Insurance		526		362
Office expenses		1,344		1,160
Property and business taxes		193		297
Other		682		1,299
Total	$	15,731	$	13,657

10. Determination of fair values:

Comparison of fair value to carrying value:

Financial instruments consist of cash and cash equivalents, accounts receivable, operating loans, accounts payable and accrued liabilities, capital and acquisition loans, 2011 Debentures, and 2013 Debentures. The financial instruments consisting of dividends payable, equipment financing payable and financial derivatives not designated in an effective hedging relationship (interest rate swap) are included in other current and long-term liabilities. The carrying values of the financial instruments, except for the financial derivatives, capital and acquisition loans, equipment financing payable, 2011 Debentures, and 2013 Debentures are considered to approximate their fair values due to their short-term nature. The carrying values of the capital and acquisition loans approximated their fair values as the related interest rates of the loans were at market as at March 31, 2015. The carrying values of the liability components of the 2011 Debentures and 2013 Debentures are marked to market at the end of each financial reporting period.

Financial instruments carried at fair value in the condensed consolidated interim statement of financial position are categorized in the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in thousands of Canadian dollars,
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10. Determination of fair values (continued):

The following table presents the financial instruments carried at fair value:

Liability	Level 1	Level 2	Level 3	Total
Interest rate swap	$ -	$ 317	$ -	$ 317
Liability component of 2011 Debentures	-	-	59,558	59,558
Liability component of 2013 Debentures	-	-	35,899	35,899

For the continuity schedules of the Level 3 valuations, see note 4.

The following table summarizes the valuation method and key inputs for determining the fair values of the liability components of the Debentures:

Valuation approach	Key inputs	Inter-relationship between inputs and fair value measurement
The fair value is determined by applying discounted cash flow analysis using expected future cash flows and a market-related discount rate. The discount rate used in the discounted cash flow analysis reflects the credit risks associated with the Debentures.	Discount rate (14.9% to 15.4%)	The estimated fair value increases when the discount rate decreases.

The fair values of the liability components of the Debentures are determined by the Company's finance department. The key unobservable input is the discount rate which is comprised of the risk free rate of government bonds, adjusted for a risk premium to reflect the credit risk of the Company.

11. Operating segments:

The Company structures its operations in two reportable segments: *(i)* heat services and aerial equipment ("WIS"); and *(ii)* modular building construction and rentals ("Britco"), based on the way that management organizes the Company's businesses for making operating decisions and assessing performance.

Segmented information is prepared using the accounting policies described in note 3 of the Company's consolidated financial statements for the year ended December 31, 2014.

The method used for allocating assets jointly used by the operating segments and costs and liabilities jointly incurred (mostly corporate costs) by the reportable segments is based on a proportion of each segment's assets. Revenues generated and expenses incurred at the corporate level are allocated based on a proportion of each segment's revenues from continuing operations.

(Expressed in thousands of Canadian dollars,
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11. Operating segments (continued):

The segment reporting below represents the Company's continuing operations for the three months ended March 31, 2015 and 2014:

	WIS		Britco		Consolidated	
	2015	2014	2015	2014	2015	2014
Total segment revenue	$ 30,295	$ 29,176	$ 57,962	$ 69,851	$ 88,257	$ 99,027
Revenue with other segment (eliminated in consolidation)	8	9	9	-	17	9
Depreciation and amortization of:						
Property and equipment	3,672	3,268	1,063	808	4,735	4,076
Intangible and other assets	900	770	484	442	1,384	1,212
Finance cost	2,024	1,376	2,789	2,129	4,813	3,505
Current and deferred income tax expense	591	434	1,132	1,037	1,723	1,471
Earnings before finance costs, taxes, depreciation, amortization, write down of assets, foreign exchange gains (losses), business acquisition, and Share based compensation expense attributable to Shareholders	12,110	9,869	4,100	4,343	16,210	14,212
Purchase of property, equipment and software (net of business acquisitions)	1,252	6,676	1,390	1,945	2,642	8,621
Total identifiable assets [(1)]	174,376	165,298	172,147	193,384	346,523	358,682

(1) Balances for 2014 are as of December 31, 2014.

(Expressed in thousands of Canadian dollars,
except Shares, Options, Debenture units, per Option and per Share amounts)

12. Discontinued operations:

Net loss from discontinued operations for the three months ended March 31, 2015 and 2014 is as follows:

	2015	2014
Revenue	$ -	$ 17,605
Cost of sales	-	17,359
Gross profit	-	246
Operating expenses:		
General and administration (including depreciation and amortization of operating and intangible assets)	-	2,118
Other expenses:		
Finance costs	-	454
Loss before income taxes	-	(2,326)
Future income tax recovery	-	706
	-	(1,620)
Loss on disposal of subsidiary[1]	(74)	-
Net loss from discontinued operations	$ (74)	$ (1,620)

[1] Restructuring costs including professional fees net of taxes

Net cash flows from discontinued operations is as follows:

	2015	2014
Cash from (used in) operating activities	$ (74)	$ 987
Cash used in investing activities	-	(173)
Cash from financing activities	-	3,937
Cash and cash equivalents from (used in) discontinued operations	$ (74)	$ 4,751