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QUARTERLY REPORT

Second Quarter Report

FOR THE SIX MONTHS ENDED JUNE 30, 2005

Increased Monthly Distributions

Badger will increase its monthly distribution to \$0.098 per unit beginning with the August distribution. This decision reflects the solid operational and financial performance of the business. This represents an approximate 5 percent increase from the previous \$0.0935 per unit. The August distribution is payable in September. After analyzing the results, Management and the trustees believe this increase in monthly distributions is warranted by the Fund's performance. Badger has increased its monthly distributions every quarter since converting to a trust on March 31, 2004, commencing with \$0.067 per unit in April, 2004 to \$0.098 per unit beginning in August, 2005.

Financial Highlights

Badger Income Fund is the successor organization to Badger Daylighting Inc., which converted to an income trust effective March 31, 2004. At that time, the year-end was changed from November 30, 2004 to December 31, 2004. As a result of the change in year-end, financial information for the six and three months ended June 30, 2005 is being compared to financial information for the seven and three months ended June 30, 2004.

(\$ thousands, except per unit and total units outstanding information)

| | Three Months June 30 2005 | Three Months June 30 2004 | Six Months June 30 2005 | Seven Months June 30 2004 |
|-----------------------------------------------------------|------------------------------------------|---------------------------------|----------------------------------------|---------------------------------|
| Revenues | 18,923 | 15,488 | 39,767 | 38,075 |
| Net earnings | 3,630 | 2,756 | 7,765 | 5,665 |
| Net earnings per unit – diluted ⁽³⁾ | 0.34 | 0.26 | 0.73 | 0.54 |
| EBITDA ⁽¹⁾ | 5,557 | 4,179 | 11,764 | 10,495 |
| Funds generated from operations ⁽²⁾ | 5,514 | 4,112 | 11,623 | 8,945 |
| Funds generated per unit – diluted ⁽³⁾ | 0.52 | 0.39 | 1.09 | 0.86 |
| Maintenance capital expenditures ⁽⁴⁾ | – | 380 | 326 | 380 |
| Required debt repayment ⁽⁵⁾ | 308 | 683 | 851 | 1,999 |
| Additional debt repayment ⁽⁵⁾ | – | – | – | 1,800 |
| Cash available for growth and distribution ⁽⁶⁾ | 5,261 | 3,112 | 10,500 | 6,688 |
| Cash distributions declared | 2,548 | 2,139 | 4,935 | 2,139 |
| Growth capital expenditures ⁽⁴⁾ | 2,567 | 2,617 | 5,479 | 6,069 |
| Total units outstanding ⁽³⁾ | 10,662,848 | 10,640,049 | 10,662,848 | 10,640,049 |

Excluding net earnings per unit, funds generated from operations per unit and total units outstanding, the following measures do not have any standardized meaning prescribed by generally accepted accounting principles (GAAP) and may not be comparable to similar measures presented by other companies or trusts:

- (1) Earnings before interest, taxes, depreciation and amortization (EBITDA) is provided to assist investors in determining the ability of the Fund to generate cash from operations and is calculated from the consolidated statement of earnings and accumulated earnings as gross margin, less selling, general and administrative costs and trust reorganization charges.
- (2) Funds generated from operations is calculated from the consolidated statement of cash flows as net earnings, adjusted for non-cash items charged to the consolidated statement of earnings and accumulated earnings.
- (3) For comparative purposes the weighted average shares outstanding in 2004 have been converted to units on a 2:1 basis; therefore, per unit calculations have been restated on this basis.
- (4) Maintenance capital expenditures is defined as the amount incurred during the period to keep the daylighting fleet at the same number of units, plus any other capital expenditures required to maintain the existing business. It also includes any costs incurred on a daylighting unit to enhance its operational life. This amount will fluctuate from period to period depending on the number of units retired from the fleet. During the three-month period ended June 30, 2005 Badger added seven units to the fleet and did not remove any from service. As a result, all of the units added during the three months ended June 30, 2005 represented growth capital expenditures. During the six months ended June 30, 2005 Badger added 17 units to the fleet, of which one has been reflected as maintenance capital expenditures. The economic life of a Badger hydrovac is approximately 10 years. The average age of the fleet is just over four years.
- (5) Required debt repayments is defined as the amount of debt which had to be repaid during the period pursuant to regularly scheduled debt repayments. Additional debt repayments represent accelerated payments of debt that were not required to be made during the period.
- (6) Cash available for growth and distribution represents funds generated from operations per the statement of consolidated cash flows, less required debt repayments and maintenance capital expenditures, plus any proceeds received on the disposal of assets.

Operational Summary

1. Badger's Western Canada operations provided fairly good results even with difficult wet conditions in some areas during the quarter.
2. Eastern Canada again surpassed expectations due to better area coverage and some good project work.
3. In the United States Badger's operations met overall expectations for the quarter. Activity in the West was weaker than forecast, which was mitigated by good project work in the East.
4. Revenue per truck per month was \$25,800 for the three months ended June 30, 2005 compared to \$25,300 for the three months ended June 30, 2004. Badger budgets an overall fleet average of \$25,000 per truck per month.
5. Badger had 228 units at the end of the second quarter of 2005, reflecting the addition of 17 units to the fleet so far in 2005 and the retirement of one unit. The Fund had 212 units December 31, 2004.

Management's Discussion and Analysis

Management's Discussion and Analysis should be read in conjunction with the attached unaudited interim consolidated financial statements of Badger Income Fund (the "Fund" or "Badger"). Readers should also refer to the audited consolidated financial statements and Management's Discussion and Analysis included in Badger Income Fund's 2004 Annual Report as well as the Badger Daylighting Inc. Information Circular dated February 18, 2004. The Fund commenced operations on March 31, 2004. However, to provide unitholders with meaningful comparative financial information, the discussion and analysis of operations and attached unaudited interim consolidated financial statements include comparative information for the period from December 1, 2003 to June 30, 2004. The accounts for Badger Daylighting Inc. are included for the period December 1, 2003 to March 31, 2004, on a continuity-of-interest basis as if the Fund had existed at the beginning of the period.

As a result of converting to a trust the year-end was changed from November 30, 2004 to December 31, 2004; therefore, the following Management's Discussion and Analysis compares the six months ended June 30, 2005 to the seven months ended June 30, 2004 and the three months ended June 30, 2005 to the three months ended June 30, 2004.

Revenue and expense variance analysis in the Management's Discussion and Analysis focuses primarily on the year-over-year changes during the second quarter. However, unless otherwise indicated, year-over-year variances for the six months ended June 30, 2005 are explained by the same general factors, which contributed to the second quarter variance.

This Management's Discussion and Analysis has been prepared taking into consideration information available to August 10, 2005. Additional information including the Fund's Annual Information Form is available on SEDAR at www.sedar.com.

Disclaimer

This quarterly report contains forward-looking statements subject to various risk factors and uncertainties, which may cause the actual results, performances or achievements of Badger to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, fluctuations in the market for oil and gas and related products and services; political and economic conditions; the demand for services provided by Badger; industry competition and Badger's ability to attract and retain key personnel.

Results of Operations

Revenues

Revenues for the three months ended June 30, 2005 were \$18.9 million, which was 22 percent higher than the \$15.5 million in revenues generated for the three months ended June 30, 2004. This increase is attributable to the following:

- (1) Continued upward pressure on petroleum prices resulted in increased demand for Badger's hydrovac services in Western Canada.
- (2) Eastern Canada revenues increased due to improved territorial coverage and increased spending on construction projects.
- (3) In the United States revenues increased to \$4.5 million from \$3.4 million. This 33 percent increase is due to Badger's continued focus in certain geographical areas and market segments, which has resulted in an increased customer base and demand for hydrovac services. Badger also had certain projects ongoing during the three months ended June 30, 2005, which was not the case in 2004.

Badger's average revenue per truck per month during the three months ended June 30, 2005 was \$25,800 versus \$25,300 per month for the three months ended June 30, 2004. This brings the year-to-date average revenue per truck per month to \$27,900 for the six months ended June 30, 2005 versus \$25,600 for the seven months ended June 30, 2004.

Included in revenues is approximately \$610,000 of truck placement and franchise fees for the three months ended June 30, 2005 versus \$410,000 for the three months ended June 30, 2004.

Direct Costs

Direct costs for the three months ended June 30, 2005 were \$11.8 million compared to \$9.9 million for the three months ended June 30, 2004. The increase in direct costs is due to the increase in revenues over the comparable periods.

Gross Margin

Gross margin was 37.9 percent for the three months ended June 30, 2005, which is greater than the 35.9 percent generated in the three months ended June 30, 2004. The increase is due to project work which generated higher margins as well as implementing certain cost control measures.

Amortization of Capital Assets

Amortization of capital assets was \$1.8 million for the three months ended June 30, 2005 versus \$1.5 million for the three months ended June 30, 2004. The increased amortization quarter over quarter was due to having more daylighting units in the fleet.

Interest Expense

The reduction in interest expense is due to the decrease in long-term debt.

Selling, General and Administrative

Selling, general and administrative costs were \$1.6 million for the three months ended June 30, 2005 compared to \$1.3 million for the three months ended June 30, 2004, an increase of 25 percent. The increase is due to the growth of Badger's business. As a percentage of revenues, selling, general and administrative costs remained consistent at 8 percent comparing the quarter ended June 30, 2005 to the quarter ended June 30, 2004.

Income Taxes

The minimal effective tax rate for the quarters ended June 30, 2005 and June 30, 2004 was due to the conversion to a trust structure, which resulted in tax deductible distributions being made for each of the three month periods.

Liquidity

Funds generated from operations was \$5.5 million for the three months ended June 30, 2005 versus \$4.1 million for the three months ended June 30, 2004. The increase reflects stronger Canadian and United States activity levels.

The Fund had working capital of \$8.3 million at June 30, 2005 compared to \$7.3 million at December 31, 2004. Strong cash flow from operations allowed Badger to build new daylighting units, pay down long-term debt and make distributions, while maintaining a positive working capital position.

The following table outlines the cash available to fund growth and pay distributions to unitholders for the three and six months ended June 30, 2005:

| | Three Months Ended June 30 | Six Months Ended June 30 |
|------------------------------------------------------------------|-------------------------------|-----------------------------|
| | \$ | \$ |
| Funds generated from operations | 5,514,422 | 11,623,001 |
| Add: proceeds on disposal of capital assets | 54,231 | 54,231 |
| Less: required repayments of long-term debt | (307,726) | (851,178) |
| Less: maintenance capital expenditures (*) | - | (325,806) |
| Cash available for growth capital expenditures and distributions | 5,260,927 | 10,500,248 |
| Growth capital expenditures (*) | 2,567,131 | 5,478,755 |
| Distributions declared | 2,548,421 | 4,934,845 |

(*) Total maintenance and growth capital expenditures for the three and six months ended June 30, 2005 was \$2,567,131 and \$5,804,561 respectively.

Currently the Fund has an \$8.0 million operating line to fund working capital requirements, of which \$2.8 million was used at June 30, 2005.

Capital Resources

The Fund continued to reduce its long-term debt during the three months ended June 30, 2005. The long-term debt balance of \$1.5 million (including the current portion of long-term debt) is 7 percent of funds generated from operations for the 13-month period ended December 31, 2004 – an indication of the Fund's low, long-term debt.

The Fund believes its healthy balance sheet and unutilized borrowing capacity, combined with funds generated from operations, will provide sufficient capital to fund ongoing operations, pay for future capital expenditures and provide for ongoing distributions to unitholders for the remainder of 2005.

Number of Daylighting Units

During the three-month period ended June 30, 2005 Badger added five new units to the Canadian fleet, transferred seven units to the United States and did not remove any from service, bringing the total to 174 units operating in Canada as at June 30, 2005. In the United States Badger added two new units bringing the total number of units in the United States to 54 at June 30, 2005, including the seven received from Canada.

Contractual Obligations and Committed Capital Investment

The Fund intends to meet its contractual obligations through funds generated by operating activities. The Fund's contractual obligations for the next five years, relating to repayment of long-term debt, are as follows:

| | \$ |
|-----------------------------------|------------------|
| July 1, 2005 to December 31, 2005 | 422,709 |
| 2006 | 108,768 |
| 2007 | 108,768 |
| 2008 | 108,768 |
| 2009 | 108,768 |
| Thereafter | 679,842 |
| Total | 1,537,623 |

In addition to the contractual obligations above, as at June 30, 2005 the Fund is committed to certain capital expenditures totaling approximately \$3.2 million. These capital expenditures will be financed with existing credit facilities and funds generated from operations.

Selected Quarterly Financial Information

| | Quarter Ended ⁽¹⁾ 2005 | | Quarter Ended ⁽¹⁾ 2004 | | | | Quarter Ended ⁽¹⁾ 2003 | |
|--------------------------------------------------------|--------------------------------------|------------|--------------------------------------|------------|------------|------------------------|--------------------------------------|------------|
| | June 30 | Mar. 31 | Dec. 31 | Sept. 30 | June 30 | Mar. 31 ⁽²⁾ | Nov. 30 | Aug. 31 |
| Revenues (\$) | 18,923,312 | 20,843,310 | 20,488,378 | 20,133,108 | 15,488,043 | 22,587,177 | 18,391,028 | 17,216,491 |
| Net earnings (\$) | 3,629,935 | 4,135,401 | 3,853,755 | 4,193,112 | 2,755,838 | 2,909,169 | 1,884,246 | 1,684,627 |
| Net earnings per unit – basic ⁽³⁾ (\$) | 0.34 | 0.39 | 0.36 | 0.39 | 0.26 | 0.28 | 0.19 | 0.17 |
| Net earnings per unit – diluted ⁽³⁾ (\$) | 0.34 | 0.39 | 0.36 | 0.39 | 0.26 | 0.27 | 0.18 | 0.17 |

⁽¹⁾ As a result of converting to a trust the year-end changed from November 30, 2004 to December 31, 2004.

⁽²⁾ The quarter ended March 31, 2004 represents a four-month period.

⁽³⁾ For comparative purposes the weighted average shares outstanding for 2003 and March 31, 2004 have been converted to units on a 2:1 basis; therefore per unit calculations have been restated on this basis.

Other

As with the previous fiscal period Badger has decided to continue with self-insuring against any physical damage it incurs on the Canadian hydrovac units due to the high cost of insurance premiums. This decision will be re-evaluated next year as part of the insurance renewal process.

Outlook

With the current healthy economic and industry conditions the outlook for the rest of the year is positive. Although wet weather continues to affect some local areas in Western Canada activity is forecast to be better once the weather improves. Activity in the Western United States is expected to slowly strengthen over the remainder of the year.

Review of Interim Financial Statements

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

The accompanying unaudited interim consolidated financial statements of the Fund have been prepared by Badger Income Fund's management.

The Fund's independent auditor has not performed a review of the accompanying unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Unaudited Consolidated Balance Sheets

| | June 30 2005 | December 31 2004 |
|--------------------------------------------|-------------------|---------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 415,196 | 529,017 |
| Accounts receivable | 17,655,713 | 18,361,558 |
| Inventories | 1,506,298 | 1,266,139 |
| Prepaid expenses | 132,203 | 457,554 |
| Future income taxes | 1,418,937 | 2,065,283 |
| | 21,128,347 | 22,679,551 |
| Capital assets | 47,273,369 | 45,071,873 |
| | 68,401,716 | 67,751,424 |
| LIABILITIES AND UNITHOLDERS' EQUITY | | |
| Current | | |
| Bank indebtedness | 2,840,034 | 2,821,323 |
| Accounts payable and accrued liabilities | 8,668,064 | 8,711,230 |
| Income taxes payable | - | 82,837 |
| Distributions payable | 863,691 | 2,486,513 |
| Current portion of long-term debt | 477,093 | 1,273,885 |
| | 12,848,882 | 15,375,788 |
| Long-term debt | 1,060,530 | 1,114,916 |
| Future income taxes | 5,453,596 | 5,266,503 |
| | 19,363,008 | 21,757,207 |
| Unitholders' equity | | |
| Unitholders' capital [Note 3] | 42,154,517 | 41,940,517 |
| Contributed surplus | 826,000 | 826,000 |
| Accumulated distributions | (13,291,231) | (8,356,386) |
| Accumulated earnings | 19,349,422 | 11,584,086 |
| | 49,038,708 | 45,994,217 |
| | 68,401,716 | 67,751,424 |

See accompanying notes

Unaudited Consolidated Statements of Earnings and Accumulated Earnings (Deficit)

| | Three Months Ended June 30 2005 | Three Months Ended June 30 2004 | Six Months Ended June 30 2005 | Seven Months Ended June 30 2004 |
|------------------------------------------------------------|------------------------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|
| | \$ | \$ | \$ | \$ |
| Revenues | 18,923,312 | 15,488,043 | 39,766,622 | 38,075,220 |
| Direct costs | 11,758,378 | 9,926,901 | 24,895,020 | 24,436,863 |
| Gross margin | 7,164,934 | 5,561,142 | 14,871,602 | 13,638,357 |
| Expenses | | | | |
| Amortization of capital assets | 1,828,240 | 1,540,001 | 3,552,097 | 3,505,414 |
| Loss (gain) on sale of capital assets | (3,263) | (1,314) | (3,263) | (9,533) |
| Interest | | | | |
| Long-term | 22,159 | 52,850 | 49,935 | 189,537 |
| Current | 15,940 | 14,326 | 81,469 | 23,425 |
| Selling, general and administrative | 1,608,231 | 1,283,777 | 3,107,534 | 2,887,812 |
| Trust reorganization charges | - | 98,113 | - | 255,267 |
| | 3,471,307 | 2,987,753 | 6,787,772 | 6,851,922 |
| Earnings before income taxes | 3,693,627 | 2,573,389 | 8,083,830 | 6,786,435 |
| Income taxes | | | | |
| Current | 4,182 | 360 | 9,663 | 1,337,009 |
| Future (recovery) | 59,510 | (182,809) | 308,831 | (215,581) |
| | 63,692 | (182,449) | 318,494 | 1,121,428 |
| Net earnings for the period | 3,629,935 | 2,755,838 | 7,765,336 | 5,665,007 |
| Accumulated earnings, (deficit) beginning of period | 15,719,487 | (539,893) | 11,584,086 | (3,449,062) |
| Reorganization into a trust | - | 1,321,274 | - | 1,321,274 |
| Accumulated earnings, end of period | 19,349,422 | 3,537,219 | 19,349,422 | 3,537,219 |
| Net earnings per unit (Note 4) | | | | |
| Basic | 0.34 | 0.26 | 0.73 | 0.55 |
| Diluted | 0.34 | 0.26 | 0.73 | 0.54 |

See accompanying notes

Unaudited Consolidated Statements of Cash Flows

| | Three Months Ended June 30 2005 | Three Months Ended June 30 2004 | Six Months Ended June 30 2005 | Seven Months Ended June 30 2004 |
|-------------------------------------------------------|------------------------------------------------|---------------------------------------|----------------------------------------------|---------------------------------------|
| | \$ | \$ | \$ | \$ |
| Operating activities | | | | |
| Net earnings for the period | 3,629,935 | 2,755,838 | 7,765,336 | 5,665,007 |
| Non-cash items | | | | |
| Amortization of capital assets | 1,828,240 | 1,540,001 | 3,552,097 | 3,505,414 |
| Future income taxes (recovery) | 59,510 | (182,809) | 308,831 | (215,581) |
| Loss (gain) on sale of capital assets | (3,263) | (1,314) | (3,263) | (9,533) |
| Funds generated from operations | 5,514,422 | 4,111,716 | 11,623,001 | 8,945,307 |
| Net change in non-cash working capital | 932,333 | (318,527) | 1,403,642 | (35,593) |
| | 6,446,755 | 3,793,189 | 13,026,643 | 8,909,714 |
| Financing activities | | | | |
| Proceeds from units/shares issued, net of issue costs | - | 2,246 | - | 631,580 |
| Repayment of long-term debt | (307,726) | (683,264) | (851,178) | (3,798,896) |
| Distributions to unitholders | (2,505,769) | (2,138,649) | (6,557,667) | (2,138,649) |
| Increase (decrease) in bank indebtedness | (1,415,293) | 620,000 | 18,711 | 620,000 |
| | (4,228,788) | (2,199,667) | (7,390,134) | (4,685,965) |
| Investing activities | | | | |
| Purchase of capital assets | (2,567,131) | (2,997,014) | (5,804,561) | (6,449,023) |
| Proceeds on disposal of capital assets | 54,231 | 62,904 | 54,231 | 122,052 |
| | (2,512,900) | (2,934,110) | (5,750,330) | (6,326,971) |
| Increase (decrease) in cash during the period | (294,933) | (1,340,588) | (113,821) | (2,103,222) |
| Cash, beginning of period | 710,129 | 2,223,411 | 529,017 | 2,986,045 |
| Cash, end of period | 415,196 | 882,823 | 415,196 | 882,823 |

See accompanying notes

Notes to the Consolidated Financial Statements

1

Basis of Presentation and Summary of Significant Accounting Policies

The Fund was established by Deed of Trust dated February 17, 2004. Pursuant to the terms of the Plan of Arrangement, the Fund acquired all of the common shares of Badger Daylighting Inc. on March 31, 2004. Prior to the Plan of Arrangement the consolidated financial statements include the accounts of Badger Daylighting Inc. and its subsidiaries. After giving effect to the Plan of Arrangement, the consolidated financial statements include the accounts of the Fund and its subsidiaries. For reporting purposes, the Fund is considered the continuing entity of Badger Daylighting Inc. The unaudited interim consolidated financial statements commencing April 1, 2004 follow the continuity-of-interest basis of accounting as if the Fund had always been a Fund. This basis is intended to provide unitholders with meaningful and comparative financial information. As a result certain comparative figures will be reclassified to conform to the current presentation.

Management, in accordance with Canadian generally accepted accounting principles, has prepared the interim consolidated financial statements of the Fund. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements of the Fund for the 13-month period ended December 31, 2004. The disclosures provided below are incremental to those included with the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes in Badger Income Fund's Annual Report for the 13-month period ended December 31, 2004.

2

Reorganization

On March 24, 2004 the shareholders and option holders of Badger Daylighting Inc. approved a Plan of Arrangement under section 193 of the Business Corporations Act (Alberta). The purpose of the Arrangement was to convert Badger Daylighting Inc. from a corporate entity concentrating on growth through reinvestment of cash flow to a growth-oriented trust entity, which will distribute a portion of cash flow to unitholders. The Plan of Arrangement took effect March 31, 2004.

3 Unitholders' Capital

| | Units | Amount |
|-------------------------------------------------------|------------|------------|
| | | \$ |
| December 31, 2004 | 10,648,879 | 41,940,517 |
| Units issued pursuant to the long-term incentive plan | 13,969 | 214,000 |
| Units issued at June 30, 2005 | 10,662,848 | 42,154,517 |

The diluted units outstanding as at June 30, 2005 are 10,680,511.

The Fund declared distributions of \$0.0735 per unit for each of the months of January and February, \$0.077 per unit for the months of March and April and \$0.081 per unit for the months of May and June for a total of \$4,934,845.

4 Net Earnings Per Unit

Basic per unit calculations for the six and three months ended June 30, 2005 were based on the weighted average number of units outstanding of 10,657,677 and 10,662,848 respectively. Basic per unit calculations for the seven and three months ended June 30, 2004 were based on the weighted average units outstanding of 10,374,648 and 10,640,049 respectively. Diluted per unit calculations for the six and three months ended June 30, 2005 were based on the weighted average number of units outstanding of 10,675,340 and 10,680,511 respectively. Diluted per unit calculations for the seven and three months ended June 30, 2004 were based on the weighted average number of units outstanding of 10,401,141 and 10,666,542 respectively. The per unit and number of units/shares have been retroactively restated to reflect the 2:1 conversion of shares into units effective March 31, 2004.

5

Geographic Segmented Information

| | Three Months Ended June 30, 2005 | | | Three Months Ended June 30, 2004 | | |
|-------------------------------------|----------------------------------|------------------|-------------------|----------------------------------|------------|------------|
| | Canada | USA | Total | Canada | USA | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | 14,412,527 | 4,510,785 | 18,923,312 | 12,087,897 | 3,400,146 | 15,488,043 |
| Direct costs | 8,968,987 | 2,789,391 | 11,758,378 | 7,794,029 | 2,132,872 | 9,926,901 |
| Selling, general and administrative | 1,082,920 | 525,311 | 1,608,231 | 868,098 | 415,679 | 1,283,777 |
| EBITDA (*) | 4,350,975 | 1,205,728 | 5,556,703 | 3,332,796 | 846,456 | 4,179,252 |
| Amortization of capital assets | 1,419,162 | 409,078 | 1,828,240 | 1,218,414 | 321,587 | 1,540,001 |
| Earnings before income taxes | 2,898,650 | 794,977 | 3,693,627 | 2,051,640 | 521,749 | 2,573,389 |
| Capital expenditures | 1,846,823 | 720,308 | 2,567,131 | 1,473,609 | 1,523,405 | 2,997,014 |
| | | | | | | |
| | Six Months Ended June 30, 2005 | | | Seven Months Ended June 30, 2004 | | |
| | Canada | USA | Total | Canada | USA | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | 31,807,351 | 7,959,271 | 39,766,622 | 30,358,033 | 7,717,187 | 38,075,220 |
| Direct costs | 19,814,712 | 5,080,308 | 24,895,020 | 19,444,425 | 4,992,438 | 24,436,863 |
| Selling, general and administrative | 2,112,293 | 995,241 | 3,107,534 | 1,938,692 | 949,120 | 2,887,812 |
| EBITDA (*) | 9,823,685 | 1,940,383 | 11,764,068 | 8,657,066 | 1,838,212 | 10,495,278 |
| Amortization of capital assets | 2,796,359 | 755,738 | 3,552,097 | 2,817,208 | 688,206 | 3,505,414 |
| Earnings before income taxes | 6,902,338 | 1,181,492 | 8,083,830 | 5,639,724 | 1,146,711 | 6,786,435 |
| Capital assets | 37,734,666 | 9,538,703 | 47,273,369 | 34,427,871 | 8,575,567 | 43,003,438 |
| Total assets | 54,860,371 | 13,541,345 | 68,401,716 | 47,227,503 | 12,262,308 | 59,489,811 |
| Capital expenditures | 4,406,463 | 1,398,098 | 5,804,561 | 4,811,887 | 1,637,136 | 6,449,023 |

(*) Earnings before interest, taxes, depreciation and amortization (EBITDA) is provided to assist investors in determining the ability of the Fund to generate cash from operations and is calculated from the consolidated statement of earnings and accumulated earnings as gross margin, less selling, general and administrative costs and trust reorganization charges.

Corporate Information

Directors

George Watson
President & CEO
Critical Control Solutions Corp.

David Calnan LL.B.,
Partner, Shea Nerland Calnan

Martin Margolis, CA
Chartered Accountant

Garry Mihaichuk
VP of Heavy Oil
Husky Energy Inc.

Glen D. Roane
Corporate Director

Tor Wilson
President & CEO

Officers and Management

Tor Wilson
President & CEO

Greg Kelly, CA
Vice President Finance & CFO

David Calnan, LL.B.
Corporate Secretary

Head Office

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Phone: 403-264-8500
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Auditors

Ernst & Young LLP
Chartered Accountants
Calgary, Alberta

Bankers

Toronto Dominion Bank
Calgary, Alberta

Registrar and Transfer Agent

Computershare Investor Services
Calgary, Alberta

Solicitors

Shea Nerland Calnan
Calgary, Alberta

Bose McKinney & Evans LLP
Indianapolis, Indiana

Stock Exchange Listing

Toronto Stock Exchange
Trading Symbol, effective April 5, 2004 "BAD.UN"

Website

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