



Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

(Expressed in Canadian Dollars)

SECURE ENERGY SERVICES INC.
Condensed Consolidated Statements of Financial Position

<i>(\$000's) (unaudited)</i>	Notes	June 30, 2013	December 31, 2012
Assets			
Current assets			
Cash		5,591	7,506
Accounts receivable and accrued receivables		111,854	125,006
Prepaid expenses and deposits		4,057	3,997
Inventories	4	36,388	42,618
		157,890	179,127
Assets under construction	5	104,676	103,179
Property, plant and equipment	6	381,797	313,426
Intangible assets		83,183	79,663
Goodwill		96,867	92,516
Total Assets		824,413	767,911
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		91,985	106,233
Current income tax liability		340	263
Finance lease liabilities		5,082	4,114
		97,407	110,610
Long term borrowings	7	144,420	122,810
Asset retirement obligations	8	28,019	24,274
Finance lease liabilities		7,140	4,158
Deferred income tax liability		30,817	27,660
Total Liabilities		307,803	289,512
Shareholders' Equity			
Issued capital	9	434,479	415,288
Share-based payment reserve	10	11,564	9,400
Foreign currency translation reserve		3,054	(1,091)
Retained earnings		67,513	54,802
Total Shareholders' Equity		516,610	478,399
Total Liabilities and Shareholders' Equity		824,413	767,911

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

SECURE ENERGY SERVICES INC.
Condensed Consolidated Statements of Comprehensive Income

(\$000's except per share and share data) (unaudited)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2013	2012	2013	2012
Revenue		337,853	223,662	660,831	501,375
Operating expenses		324,587	209,820	606,715	454,072
General and administrative		14,002	10,124	28,141	20,641
Business development		2,146	937	3,939	1,789
Interest, accretion and finance costs		1,364	1,008	2,566	2,521
Total expenses		342,099	221,889	641,361	479,023
Other income	6	1,675	-	1,675	-
Earnings (loss) for the period before income taxes		(2,571)	1,773	21,145	22,352
Current income tax (recovery) expense		(1,692)	191	3,580	3,025
Deferred income tax expense		1,496	495	2,183	3,263
		(196)	686	5,763	6,288
Net earnings (loss) for the period		(2,375)	1,087	15,382	16,064
Other comprehensive income					
Foreign currency translation adjustment		3,054	10	4,145	(219)
Total comprehensive income for the period		679	1,097	19,527	15,845
Earnings (loss) per share					
Basic, earnings (loss) for the period per common share		(0.02)	0.01	0.15	0.18
Diluted, earnings (loss) for the period per common share		(0.02)	0.01	0.14	0.17
Weighted average shares outstanding - basic	9	106,824,753	91,527,556	105,785,632	91,092,801
Weighted average shares outstanding - diluted	9	106,824,753	94,210,135	108,539,612	94,194,889

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

SECURE ENERGY SERVICES INC.

Condensed Consolidated Statements of Changes in Shareholders' Equity

<i>(\$000's) (unaudited)</i>	Notes	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total Shareholders' Equity
Balance at December 31, 2012		415,288	9,400	(1,091)	54,802	478,399
Net earnings for the period		-	-	-	15,382	15,382
Dividends declared	9	-	-	-	(2,671)	(2,671)
Shares issued under dividend reinvestment plan	9	537	-	-	-	537
Foreign currency translation adjustment		-	-	4,145	-	4,145
Issue of share capital for business acquisition	3	13,931	-	-	-	13,931
Exercise of options		4,877	(1,114)	-	-	3,763
Share issue costs, net of tax	9	(154)	-	-	-	(154)
Share-based payments	10	-	3,278	-	-	3,278
Balance at June 30, 2013		434,479	11,564	3,054	67,513	516,610
Balance at December 31, 2011		321,498	5,558	231	21,750	349,037
Net earnings for the period		-	-	-	16,064	16,064
Foreign currency translation adjustment		-	-	(219)	-	(219)
Exercise of options and warrants		3,575	(846)	-	-	2,729
Share-based payments		-	2,464	-	-	2,464
Balance at June 30, 2012		325,073	7,176	12	37,814	370,075

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

SECURE ENERGY SERVICES INC.
Condensed Consolidated Statements of Cash Flows

(\$000's) (unaudited)	Notes	For the three months ended June 30,		For the six months ended June 30,	
		2013	2012	2013	2012
Cash flows from operating activities					
Net earnings (loss) for the period		(2,375)	1,087	15,382	16,064
Adjustments for non-cash items:					
Depreciation, depletion and amortization		15,014	9,347	28,121	18,787
Accretion	8	159	92	298	176
Deferred income tax expense		1,496	495	2,183	3,263
Amortization of financing fees		69	107	137	214
Unrealized foreign exchange (gain) loss		(1,243)	(205)	63	(61)
Impairment loss	6	2,713	-	2,713	-
Share-based payments	10	2,026	1,661	3,705	2,688
Funds from operations		17,859	12,584	52,602	41,131
Change in accounts receivable and accrued receivables, current income tax asset related to operating activities, and prepaid expenses and deposits		52,425	41,712	18,921	46,506
Change in inventories		1,038	3,130	6,230	1,120
Change in accounts payable, accrued liabilities and current income tax liability related to operating activities		(5,599)	(30,979)	(25,486)	(38,394)
Net cash flows from operating activities		65,723	26,447	52,267	50,363
Cash flows used in investing activities					
Purchase of property, plant and equipment		(37,329)	(27,404)	(79,597)	(59,832)
Business combinations, net of cash acquired	3	(5,348)	-	(5,348)	(3,405)
Deposit on asset acquisition		-	(21,227)	-	(21,227)
Change in non-cash working capital		546	2,979	7,745	8,094
Net cash flows used in investing activities		(42,131)	(45,652)	(77,200)	(76,370)
Cash flows (used in) from financing activities					
Shares issued		3,173	1,099	4,138	2,729
(Repayments) draws on credit facility		(24,000)	16,000	21,500	16,000
Financing fees		(3)	-	(28)	(175)
Dividends paid	9	(2,671)	-	(2,671)	-
Net cash flows (used in) from financing activities		(23,501)	17,099	22,939	18,554
Effect of foreign exchange on cash		108	(5)	79	(2)
Increase (decrease) in cash		199	(2,111)	(1,915)	(7,455)
Cash, beginning of period		5,392	6,024	7,506	11,368
Cash, end of period		5,591	3,913	5,591	3,913
Taxes paid		1,619	3,274	6,903	4,834
Interest paid		1,433	1,182	2,652	2,124

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

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Secure Energy Services Inc. ("Secure") is incorporated under the Business Corporations Act of Alberta. Secure operates through a number of wholly-owned subsidiaries (together referred to as the "Corporation") which are managed through three operating segments. The processing, recovery and disposal services division ("PRD") is primarily engaged in providing services relating to clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal and oil purchase/resale service. The drilling services division ("DS") is primarily engaged in providing services relating to drilling fluid systems and solids control. The On Site division ("OS") is primarily engaged in providing services that include the full life cycle of pipeline and facility operations, waste management and environmental sciences, asset management and recovery, civil, remediation and reclamation earthworks as well as integrated water solution services.

The following entities have been consolidated within Secure's condensed consolidated financial statements for the period ended June 30, 2013:

Subsidiary	Country	Segment	% Interest	
			Jun 30, 2013	Dec 31, 2012
Secure Energy Services Inc. (parent company)	Canada	PRD/OS		
Marquis Alliance Energy Group Inc.	Canada	DS/OS	100%	100%
SES USA Holdings Inc.	USA	PRD/DS/OS	100%	0%
Secure Energy Services USA LLC	USA	PRD/OS	100%	0%
Marquis Alliance Energy Group USA LLC	USA	DS	100%	100%
Alliance Energy Services International Ltd.	Canada	DS	100%	100%
1658774 Alberta Inc.	Canada	DS	100%	100%
Frontline Integrated Services Ltd.	Canada	OS	100%	0%

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring break-up"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. As a result, the movement of the heavy equipment required for drilling and well servicing activities may be restricted, and the level of activity of the Corporation's customers may be consequently reduced. In the areas in which the Corporation operates, the second quarter has generally been the slowest quarter as a result of spring break-up. Historically, the Corporation's first, third and fourth quarters represent higher activity levels and operations. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

Basis of Presentation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Consolidated Financial Statements and notes thereto in the Corporation's 2012 Annual Report available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION (continued)

The condensed consolidated financial statements of the Corporation are stated in and recorded in thousands of Canadian dollars (\$) which is the Corporation's presentation currency and have been prepared on a historical cost basis, except for financial instruments and share-based payment transactions that have been measured at fair value.

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to the determination of cash generating units, determination of fair value measurements for business combination, depreciation, depletion and amortization, income tax, asset retirement obligations, recoverability of assets, share-based payments, and provision for doubtful accounts. Actual results may differ from these estimates. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated financial statements.

These condensed consolidated financial statements were approved by the Board of Directors on August 13, 2013. The address of the Corporation's registered office is Suite 1900, 205 - 5th Ave S.W. Calgary, Alberta, T2P 2V7.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 3 to the Consolidated Financial Statements for the fiscal year ended December 31, 2012, except as below:

Investments in joint operations, consolidation, associates and disclosures

On January 1, 2013, the Corporation adopted International Financial Reporting Standard ("IFRS") 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", and IFRS 12, "Disclosures of Interests in Other Entities", and the amendments to IAS 28, "Investments in Associates and Joint Ventures". The adoption of IFRS 10, IFRS 12, and the amendments to IAS 28 did not result in a change to the consolidation of the Corporation's wholly owned subsidiaries or the related disclosures.

Under IFRS 11, a joint operation is a joint arrangement whereby two or more parties have joint control of the arrangement, have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A portion of the Corporation's activities are conducted jointly with others and therefore, the Corporation as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRS applicable to the particular assets, liabilities, revenues and expenses. The adoption of the new standard had no impact on the accounting for joint arrangements.

Fair value measurement

On January 1, 2013 the Corporation adopted IFRS 13, "Fair Value Measurement", and applied the standard prospectively as required by the transitional provisions. The standard provides a consistent definition of fair value and introduces consistent requirements for disclosures related to fair value measurement. There has been no change to how the Corporation measures the fair value of financial instruments upon adoption of this standard. The carrying value of the Corporation's cash, accounts receivable and accrued receivables, and accounts payable and accrued liabilities approximate their fair value due to the short term nature of these assets and liabilities. The carrying value of the long term borrowings, not including unamortized borrowing costs, approximates fair value because the interest rates approximate current market rates. Fair value of long term borrowings at June 30, 2013 was \$145.0 million (as at December 31, 2012 – \$123.5 million) (Note 7).

Presentation of items in comprehensive income

On January 1, 2013, the Corporation adopted the amendments to IAS 1, "Presentation of Financial Statements". These amendments require the Corporation to group other comprehensive income ("OCI") items by those that will be reclassified subsequently to earnings and those that will not. These changes did not result in any adjustments to OCI or comprehensive income.

Share based payment plans

In March 2013, the Corporation implemented a performance share unit ("PSU") plan for senior officers. The Board of Directors shall designate, at the time of grant, the date or dates which all or a portion of the PSUs shall vest and any performance conditions to such vesting. PSUs will be settled in equity or cash at the discretion of the Corporation, in the amount equal to the fair value of the PSU on that date. If the PSUs are equity settled, the fair value of the PSUs is determined on the grant date based on the market price of the common shares on the grant date. The fair value is expensed over the vesting term on a graded vesting basis and represents the fair value for the graded vested portion of the PSUs outstanding plus the graded vested portion of any dividends paid on common shares since the grant date. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of PSUs that vest.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and six months ended June 30, 2013 and 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Corporation also implemented a restricted share unit ("RSU") plan for eligible officers and employees of the Corporation. Under the terms of the RSU plan, the RSUs awarded will vest in three equal portions on the first, second and third anniversary of the grant date and will be settled in equity or cash at the discretion of the Corporation, in the amount equal to the fair value of the RSU on that date. If the RSUs are equity settled, the fair value of the RSUs issued is determined on the grant date based on the market price of the common shares on the grant date. The fair value is expensed over the vesting term on a graded vesting basis and represents the fair value for the graded vested portion of the RSUs outstanding plus the graded vested portion of any dividends paid on common shares since the grant date. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of RSUs that vest.

The Corporation does not intend to make cash payments under the PSU and RSU plans ("PSU/RSU plans") and, as such, the RSUs are accounted for within shareholders' equity.

Reclassification of prior period amounts

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

3. BUSINESS COMBINATION

On April 1, 2013, the Corporation acquired all of the issued and outstanding shares of Frontline Integrated Services Ltd. ("Frontline") for total cash consideration of \$2.7 million, assumption of \$2.7 million of debt, and the issuance of 1,394,616 common shares of the Corporation at a closing price of \$12.19 per share for consideration of \$22.4 million, which was adjusted to fair value consideration for accounting purposes to \$19.3 million. The fair value for accounting purposes was determined using a discounted cash flow analysis and was adjusted after considering such factors as the escrow period (shares to be released over various periods, see Note 9a) and liquidity of the Corporation's shares in the market place.

Frontline is an integrated service provider servicing the energy, resource, and civil construction industries. Frontline core services include pipeline integrity, repair, replacement, rehabilitation, remediation and reclamation, demolition and decommissioning. The Frontline acquisition is a continuation of the Corporation's strategy to add complementary services along the energy services value chain; it will support and expand the existing environmental and project management services of the Corporation's OS division.

The following summarizes the major classes of consideration transferred at the acquisition date:

	Amount (\$000's)
Balance, April 1, 2013	
Cash paid	2,658
Shares issued	13,931
Assumption of bank debt (net of \$1.1 million cash acquired)	2,690
	19,279

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and six months ended June 30, 2013 and 2012

3. BUSINESS COMBINATION (continued)

The acquisition has been accounted for using the acquisition method on April 1, 2013, whereby the assets acquired and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The Corporation assessed the fair values of the net assets acquired based on management's best estimate of the market value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities. Subsequent to the acquisition date, Frontline's operating results have been included in the Corporation's revenues, expenses and capital spending.

The following summarized the allocation of the aggregate consideration for the Frontline acquisition:

	Amount
Balance, April 1, 2013	(\$000's)
Net working capital (excluding cash)	2,112
Property and equipment	5,610
Intangible assets	8,726
Goodwill	3,641
Deferred tax liability	(810)
	19,279

The allocations and determinations of the consideration described above are preliminary and subject to changes upon final adjustments. Pursuant to the purchase and sale agreement, \$1.5 million of the cash consideration is held under trust conditions to account for any potential material accounts receivable allowances.

Trade receivables, included in net working capital, are comprised of gross contractual amounts due of \$5.4 million, all of which are considered to be collectible.

The goodwill arises as a result of the assembled workforce, the synergies existing within the acquired business and also the synergies expected to be achieved as a result of combining Frontline with the rest of the Corporation. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of acquisition, Frontline contributed an estimated \$4.4 million of revenue and \$(2.0) million of loss for the period before tax of the Corporation. If the business combination had been completed on January 1, 2013, the estimated revenue and loss before income tax for the six month period ending June 30, 2013 would have been \$10.0 million and \$(2.0) million, respectively.

The Corporation incurred costs related to the acquisition of Frontline of \$0.2 million relating to due diligence and external legal fees. These costs have been included in business development costs on the condensed consolidated statements of comprehensive income.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****4. INVENTORIES**

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Crude oil and natural gas liquids	4,064	3,192
Drilling fluids	31,925	39,077
Spare parts and supplies	399	349
Total inventories	36,388	42,618

Inventories are shown at the lower of cost and net realizable value. Crude oil, natural gas liquids and drilling fluids inventories recognized as operating expenses in the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2013 were \$209.8 million and \$441.7 million, respectively (three and six months ended June 30, 2012 – \$174.9 million and \$381.5 million, respectively).

Inventories are included in the general security agreements held by the banks as security for the Corporation's credit facility (Note 7).

5. ASSETS UNDER CONSTRUCTION

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Projects under construction	102,200	101,339
Equipment (under refurbishment)	2,476	1,840
Total assets under construction	104,676	103,179

The amounts included in the categories above consist of assets associated with a variety of ongoing projects. \$0.7 million and \$1.8 million of capitalized salaries and overhead were added to assets under construction for the three and six months ended June 30, 2013, respectively (\$0.3 million and \$0.6 million for the three and six months ended June 30, 2012).

The Corporation's policy is to capitalize borrowing costs on projects with a substantial time to completion. Typically, borrowing costs are only capitalized on the construction of the Corporation's full-service terminals. The amount of borrowing costs capitalized to assets under construction for the three and six months ended June 30, 2013 was \$0.5 million and \$1.0 million, respectively (three and six months ended June 30, 2012 - \$0.2 million and \$0.2 million, respectively) based on a capitalized borrowing rate of 3.45% (2012 – 3.45%).

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

6. PROPERTY, PLANT AND EQUIPMENT

Included in operating expenses on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2013 is \$11.2 million and \$21.8 million, respectively, of depreciation and depletion expense (three and six months ended June 30, 2012 - \$7.4 million and \$14.7 million, respectively), for the Corporation's property, plant and equipment.

During the three and six months ended June 30, 2013, \$43.4 million and \$79.1 million, respectively, was transferred from assets under construction to property, plant and equipment for completed projects (three and six months ended June 30, 2012 - \$40.1 million and \$55.0 million, respectively).

Included in property, plant, and equipment is equipment under finance lease arrangements with a net book value of \$12.2 million at June 30, 2013 (December, 31 2012 - \$14.5 million). The finance lease commitments over the next five years are disclosed in Note 11.

In June 2013, the Corporation's Brazeau standalone water disposal facility was struck by lightning which caused extensive damage to specific assets at the facility. All fluids on site were contained without incident. The facility is currently closed until the repairs are completed. It is expected to be opened in the fourth quarter of 2013. The Corporation estimates the net book value of the damage to assets at the facility to be \$2.7 million, which resulted in an impairment write-down on that facility based on fair value less costs of disposal. The Corporation expects to be fully reimbursed up to the replacement value for all of the repair related costs through its insurance coverage and has therefore accrued the related insurance proceeds of \$4.4 million.

Both the impairment loss on assets of \$2.7 million and insurance recoverable of \$4.4 million are recorded in other income on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2013. The impairment affects the PRD segment only and is recorded against plant infrastructure, equipment and landfill cells, disposal wells and buildings. The above estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control.

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(\$000's)	Land	Buildings	Plant, Infrastructure, Equipment, and Landfill Cells	Rental Equipment	Mobile Equipment	Disposal Wells	Furniture and Fixtures	Computer Equipment and Software	Total
Cost:									
December 31, 2012	3,817	29,966	256,240	30,070	6,433	55,932	2,738	5,935	391,131
Additions from business combination (Note 3)	-	-	5,403	-	-	-	75	132	5,610
Additions	-	5,789	62,760	5,273	703	7,199	797	1,251	83,772
Impairment	-	(128)	(2,585)	-	-	-	-	-	(2,713)
Change in asset retirement cost	-	-	2,783	-	-	496	-	-	3,279
Disposals	-	-	(2,450)	-	(292)	-	-	-	(2,742)
Foreign exchange effect	18	139	964	468	4	440	17	10	2,060
June 30, 2013	3,835	35,766	323,115	35,811	6,848	64,067	3,627	7,328	480,397
Accumulated depreciation and depletion:									
December 31, 2012	-	(3,595)	(56,731)	(3,897)	(2,348)	(8,621)	(550)	(1,963)	(77,705)
Depreciation and depletion	-	(1,085)	(15,087)	(2,024)	(698)	(2,040)	(195)	(637)	(21,766)
Disposals	-	-	913	-	99	-	-	-	1,012
Foreign exchange effect	-	(14)	(85)	(17)	-	(22)	-	(3)	(141)
June 30, 2013	-	(4,694)	(70,990)	(5,938)	(2,947)	(10,683)	(745)	(2,603)	(98,600)
Net book value:									
June 30, 2013	3,835	31,072	252,125	29,873	3,901	53,384	2,882	4,725	381,797
December 31, 2012	3,817	26,371	199,509	26,173	4,085	47,311	2,188	3,972	313,426

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****7. LONG TERM BORROWINGS**

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Amount drawn on Credit facility	145,000	123,500
Unamortized transaction costs	(580)	(690)
Total long term borrowings	144,420	122,810

On November 5, 2012, the Corporation entered into an amended and extended \$300.0 million revolving credit facility (the "credit facility"). The credit facility consists of a \$290.0 million extendible revolving term credit facility and a \$10.0 million revolving operating facility. The Corporation can borrow by way of Canadian dollar advances through Canadian Prime Rate Loans or Bankers Acceptances or United States dollar advances through US Base Rate Loans or Libor or letters of credit denominated in Canadian or U.S. dollars. The credit facility provides that the Corporation may borrow, repay, draw on and convert between types of borrowings at any time.

The credit facility bears interest ranging from 0.75% to 2.25% above the Canadian prime rate or Bankers Acceptances ranging from 1.75% to 3.25% above the Bankers' Acceptance rate depending on the Corporation's prevailing funded debt to EBITDA ratio, with any unused amounts subject to standby fees ranging from 0.40% to 0.74%. Funded debt includes all outstanding debt, including finance leases, and any outstanding letters of credit. The credit facility is to be used for working capital, to refinance existing debt, for capital expenditures including permitted acquisitions, and for general corporate purposes.

The credit facility is due on July 31, 2015 (the "maturity date"), and includes an option for the Corporation to extend the maturity date (once per annum) to a maximum of three years from the extension request date, subject to the approval of the Corporation's lenders. Repayment of any amounts drawn on the facility would therefore be repayable on the maturity date if the credit facility was not extended.

In conjunction with obtaining the credit facility, the Corporation incurred transaction costs in the amount of \$0.7 million, of which the unamortized amount has been offset against the outstanding principle balance of the debt. Amortization of the transaction costs recognized in interest, accretion and finance costs on the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2013 was \$0.1 million and \$0.1 million, respectively (three and six months ended June 30, 2012 - \$0.1 million and \$0.2 million, respectively).

The following covenants apply to the credit facility:

- The Funded Debt to EBITDA Ratio shall not exceed 3:00:1; where EBITDA is adjusted for acquisitions on a pro-forma trailing twelve month basis;
- The ratio of Senior Debt to Senior Debt plus Equity shall not exceed 40%; and
- The Fixed Charge Coverage Ratio shall not be less than 1:00:1.

At June 30, 2013, and December 31, 2012, the Corporation was in compliance with all covenants.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****7. LONG TERM BORROWINGS (continued)**

As security for the credit facility, the Corporation granted its lenders a security interest over all of its present and after acquired property. A \$1.0 billion debenture provides a first fixed charge over the Corporation's real properties and a floating charge over all present and after acquired property not subject to the fixed charge.

The available credit facility is reduced by any outstanding letters of credit. As at June 30, 2013, the Corporation has \$22.0 million in letters of credit issued by the Corporation's lenders (December 31, 2012 - \$19.6 million). The letters of credit are issued to various government authorities for potential reclamation obligations in accordance with applicable regulations (Note 8) and crude oil marketing contracts.

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Credit facility	300,000	300,000
Amount drawn on Credit facility	(145,000)	(123,500)
Letters of credit	(22,023)	(19,552)
Available amount	132,977	156,948

8. ASSET RETIREMENT OBLIGATIONS

(\$000's)	
December 31, 2012	24,274
Arising during the period through development activities	2,617
Revisions during the period	2,435
Accretion	298
Change in discount rate	(1,773)
Foreign exchange effect	168
June 30, 2013	28,019

The Corporation's asset retirement obligations were estimated by a third party or management based on the Corporation's estimated costs to remediate, reclaim and abandon the Corporation's facilities and estimated timing of the costs to be incurred in future periods. The Corporation has estimated the net present value of its asset retirement obligations at June 30, 2013 to be \$28.0 million (December 31, 2012 - \$24.3 million) based on a total future liability of \$40.5 million as at June 30, 2013 (December 31, 2012 - \$32.3 million). These costs are expected to be incurred over the next twenty-five years. The Corporation used its risk-free interest rates of 0.94% to 2.89% (December 31, 2012 - 1.14% to 2.36%) and an inflation rate of 3.00% to calculate the net present value of its asset retirement obligations at June 30, 2013 (December 31, 2012 - 3.00%).

The Corporation has letters of credit issued by the Corporation's banker in relation to the Corporation's asset retirement obligations (Note 7).

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****9. SHAREHOLDERS' EQUITY****Authorized**

Unlimited number of common voting shares of no par value

Unlimited number of preferred shares of no par value

	Number of Shares	Amount (\$000's)
Balance, December 31, 2012	104,627,002	415,288
Options exercised	1,077,401	3,763
Transfer from reserves in equity	-	1,114
Shares issued through DRIP (Note 9b)	41,594	537
Adjustment to shares issued as consideration for business combination	(20,253)	-
Shares issued as consideration for business combination (Notes 3 and 9a)	1,394,616	13,931
Share issue costs (net of tax of \$8)	-	(154)
Balance, June 30, 2013	107,120,360	434,479

As at June 30, 2013, there were 9,537,793 (December 31, 2012 – 10,764,197) common shares of the Corporation held in escrow in conjunction with the Corporation's business combinations.

- a) On April 1, 2013, the Corporation acquired 100% of the issued and outstanding shares of Frontline for an aggregate purchase price of approximately \$19.3 million including the issuance of 1,394,616 common shares of the Corporation (Note 3). The Frontline Agreement provides that 1,217,903 common shares issued by the Corporation will be held in escrow pursuant to which 1,139,080 of such shares will be released on a straight line basis annually over five years, 61,822 released 40% on the first anniversary after closing, and 30% on the second and third anniversaries after closing, and the remaining 17,001 shares released 60% on the first anniversary from closing, and 40% on the second anniversary after closing. Accordingly, as at June 30, 2013, 1,217,903 common shares were held in escrow
- b) In March 2013, the Corporation's Board of Directors approved a monthly dividend to be paid to holders of common shares of the Corporation.

In conjunction with the approval of a monthly dividend, the Corporation's Board of Director's approved the adoption of a Dividend Reinvestment Plan ("DRIP") that provides eligible shareholders with the opportunity to reinvest their cash dividends, on each dividend payment date, in additional Common Shares ("Plan Shares"), which will be issued from treasury.

Under the terms of the DRIP, plan shares issued from treasury will be issued on the applicable dividend payment date to eligible shareholders at a 3% discount to the average market price of the Common Shares. Average market price is defined in the DRIP to be the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days preceding the dividend payment date.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****9. SHAREHOLDERS' EQUITY (continued)**

The Corporation declared dividends to holders of common shares for the three and six months ended June 30, 2013, as follows:

	Dividend record date	Dividend payment date	Per common share (\$)	Amount (\$000's)
May	May 1, 2013	May 15, 2013	0.0125	1,333
June	June 1, 2013	June 14, 2013	0.0125	1,338
Total dividends declared during the period			0.025	2,671

Of the dividends declared, \$0.5 million was reinvested in additional common shares through the DRIP. The Corporation has 608,406 common shares reserved for issue under the DRIP as at June 30, 2013.

Subsequent to June 30, 2013, the Corporation declared dividends to holders of common shares in the amount of \$0.0125 per common share payable on July 15, 2013 and August 15, 2013, for shareholders of record on July 1, 2013 and August 1, 2013, respectively.

The basic and diluted number of common shares used to calculate earnings per share amounts are as follows:

	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Weighted average number of shares for basic earnings per share	106,824,753	91,527,556	105,785,632	91,092,801
Effect of dilution:				
Options and RSUs	-	2,682,579	2,753,980	3,102,088
Weighted average number of shares for diluted earnings per share	106,824,753	94,210,135	108,539,612	94,194,889

The above table excludes 2,985,201 options and RSUs and 224,452 options and RSUs for the three and six months ended June 30, 2013, respectively (65,434 options and 503,521 options for the three and six months ended June 30, 2012) that are considered to be anti-dilutive.

10. SHARE-BASED PAYMENT PLANS

The Corporation has a share-based payment plan (the "Plan") under which the Corporation may grant share options to its employees, and employee directors. The exercise price of options granted under the Plan is calculated as the five-day weighted average trading price of the common shares for the five trading days immediately preceding the date the options are granted. Options issued under the Plan have a term of five years to expiry and vest over a three year period starting one year from the date of the grant.

The aggregate number of common shares issuable pursuant to the exercise of options granted under the Plan and awards granted under the PSU/RSU Plans shall not exceed ten percent of the issued and outstanding common shares of Secure calculated on a non-diluted basis at the time of the grant.

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

10. SHARE-BASED PAYMENT PLANS (continued)

A summary of the status of the Corporation's share options is as follows:

	June 30, 2013		Dec 31, 2012	
	Outstanding options	Weighted average exercise price (\$)	Outstanding options	Weighted average exercise price (\$)
Balance - beginning of period	7,230,522	6.04	6,788,685	4.25
Granted	2,052,687	13.00	2,560,142	8.35
Exercised	(1,077,401)	3.50	(1,683,536)	1.92
Forfeited	(196,389)	7.10	(434,769)	7.64
Balance - end of period	8,009,419	8.14	7,230,522	6.04
Exercisable - end of period	3,407,862	5.09	2,991,579	3.90

The following table summarizes information about share options outstanding as at June 30, 2013:

Exercise price (\$)	Options outstanding			Options exercisable	
	Outstanding options	Weighted average exercise price (\$)	Weighted average remaining term (years)	Outstanding options	Weighted average exercise price (\$)
2.50 - 4.00	2,006,658	2.91	1.48	1,972,424	2.89
4.01 - 5.50	162,585	5.05	2.42	100,493	5.06
5.51 - 7.00	100,365	6.10	2.69	64,593	6.10
7.01 - 8.50	1,962,007	7.89	3.68	606,333	7.89
8.51 - 10.00	1,535,127	9.05	3.35	664,019	8.95
10.01 - 11.50	202,203	10.09	4.44	-	-
11.51 - 13.00	737,707	11.55	4.70	-	-
13.01 - 14.50	1,302,767	13.83	4.87	-	-
	8,009,419	8.14	3.34	3,407,862	5.09

The fair value of options granted to employees, employee directors and consultants was estimated at the date of grant using the Black-Scholes Option Pricing Model, including the following assumptions:

	June 30, 2013	Dec 31, 2012
Volatility factor of expected market price (%)	40.00	42.57
Weighted average risk-free interest rate (%)	1.28	1.44
Weighted average expected life in years	4.1	4.1
Weighted average expected annual dividends per share (%)	0.7	Nil
Weighted average fair value per option (\$)	4.04	2.95
Weighted average forfeiture rate (%)	5.23	3.57

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****10. SHARE-BASED PAYMENT PLANS (continued)**

The Corporation's stock has just over three years of trading history, therefore the Corporation has used a weighted average volatility consisting of its own historical volatility and the historical volatilities of certain members of its peer group for input into the Black-Scholes Option Pricing Model. The Corporation determines a forfeiture rate by using actual historical forfeiture rates.

Restricted share unit plan

The Corporation has an RSU plan which allows the Corporation to issue RSUs that are redeemable for the issuance of common shares at prevailing market prices on the date of the RSU grant. The Corporation has granted RSUs to employees.

Unless otherwise directed by the board of directors, one third of each RSU grant vests and becomes available for redemption on each of the first, second, and third anniversaries of the date of grant. RSUs terminate and cease to be redeemable on December 31 of the third year following the year in which the grant of the RSU was made.

The following table summarizes the RSUs outstanding:

	June 30, 2013	Dec 31, 2012
Balance - beginning of period	-	-
Granted	165,661	-
Redeemed for common shares	-	-
Forfeited	(2,958)	-
Balance - end of period	162,703	-

The fair value of RSUs outstanding as at June 30, 2013 was \$2.2 million, with a weighted average remaining term of 3.5 years.

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****10. SHARE-BASED PAYMENT PLANS (continued)****Share-based payment reserves**

For the three and six months ended June 30, 2013, share-based payment expense of \$1.9 million and \$3.3 million, respectively (three and six months ended June 30, 2012 - \$1.4 million and \$2.5 million, respectively) has been recognized for stock options and RSUs granted, and is included in general and administrative expenses on the condensed consolidated statements of comprehensive income. These costs are recorded as share-based payment expense with the offsetting amount being credited to share based payment reserve as shown in the following table:

(\$000's)	June 30, 2013	Dec 31, 2012
Balance - beginning of period	9,400	5,558
Share-based payments	3,278	5,097
Transfer to issued capital	(1,114)	(1,255)
Balance - end of period	11,564	9,400

Deferred Share Unit Plan

The Corporation has a Deferred Share Unit ("DSU") plan for non-employee members of the Board of Directors. Under the terms of the plan, DSUs awarded will vest immediately and will be settled in cash in the amount equal to the previous five day's weighted average price of the Corporation's common shares on the date the members of the Board of Directors specify upon the non-employee director tendering their resignation from the Board of Directors. The specified date must be after the date in which the notice of redemption is filed with the Corporation and within the period from the non-employee director's termination date and December 31 of the first calendar year commencing after the non-employee's termination date. A summary of the status of the Corporation's DSU plan is as follows:

	June 30, 2013	Dec 31, 2012
Balance - beginning of period	28,864	-
Granted	23,356	28,864
Settled in cash	-	-
Forfeited	-	-
Balance - end of period	52,220	28,864
Exercisable - end of period	52,220	28,864

Share-based payment expense for DSUs is included in general and administrative expenses in the condensed consolidated statements of comprehensive income and credited to accounts payable and accrued liabilities on the condensed consolidated statement of financial position. As at June 30, 2013, \$0.7 million (December 31, 2012 - \$0.3 million) was included in accounts payable and accrued liabilities for outstanding DSUs and share based payment expense was \$0.1 million and \$0.4 million, respectively, for the three and six months ended June 30, 2013 (\$0.2 million and \$0.2 million, respectively, for the three and six months ended June 30, 2012).

SECURE ENERGY SERVICES INC.**Notes to the Condensed Consolidated Financial Statements (unaudited)****For the three and six months ended June 30, 2013 and 2012****11. COMMITMENTS, CONTINGENCIES AND GUARANTEES****Operating lease commitments**

The Corporation has entered into operating land lease agreements at the Corporation's facilities. In addition, the Corporation has entered into operating leases for office and warehouse spaces. The leases require future minimum lease payments as follows:

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Within one year	5,335	2,693
After one year but not more than five years	11,544	6,926
More than five years	1,689	888
	18,568	10,507

Finance lease commitments

The Corporation has entered into finance lease agreements for computer equipment, vehicles, and mobile equipment. The leases require future minimum lease payments as follows:

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Within one year	5,082	4,114
After one year but not more than five years	7,140	4,158
More than five years	-	-
	12,222	8,272

The average lease term is three years (December 31, 2012 – three years). The Corporation's obligations under finance leases are secured by the related assets. Interest rates underlying finance lease obligations are fixed at respective contract dates ranging from 0.0% to 1.9% (December 31, 2012 – 0.0% to 16.7%) per annum.

Earn out commitment

Pursuant to the Imperial Drilling Fluids Engineering Inc. ("IDF") acquisition, the Corporation is obligated to pay additional consideration consisting of a series of three annual earn out payments beginning in September 2013 to certain selling shareholders or employees, based on the achievement of a certain gross margin percentage. The potential annual earn out payments range from US\$0.9 million to US\$2.7 million for total earn out payments over the three year period ranging from US\$2.7 million to US\$8.0 million and are recorded in operating expenses on the condensed consolidated statements of comprehensive income. The estimated future payments are as follows:

	Jun 30, 2013	Dec 31, 2012
(\$000's)		
Within one year	2,548	2,210
After one year but not more than five years	3,260	4,371
More than five years	-	-
	5,808	6,581

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

11. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

Capital commitments

As at June 30, 2013, the Corporation had committed \$16.5 million (December 31, 2012 – \$25.6 million) relating to various capital purchases for use in the Corporation's current and future capital projects. All amounts are current and due within one year.

Commodity contract purchase commitments

In the normal course of operations, the Corporation is committed to volumes of commodities for use in the Corporation's crude oil marketing activities.

Litigation

On December 21, 2007, Tervita Corporation (formerly known as CCS Inc.) ("Tervita") filed a statement of claim commencing Action No. 0701-13328 (the "Tervita Action") in the Judicial District of Calgary of the Court of Queen's Bench of Alberta (the "Court") against the Corporation, certain of the Corporation's employees who were previously employed by Tervita (collectively, the "Secure Defendants") and others in which Tervita alleges that the defendants misappropriated business opportunities, misused confidential information, breached fiduciary duties owed to Tervita, and conspired with one another. Tervita seeks damages in the amount of \$110.0 million, an accounting and disgorgement of all profits earned by the Corporation since its incorporation and other associated relief.

A statement of defence was filed by the Secure Defendants on November 10, 2008, after the Court ordered Tervita to provide further particulars of its claim. The Secure Defendants then filed an Amended Statement of Defence (the "Defence"), and the Corporation filed an Amended Counterclaim (the "Counterclaim"), on October 9, 2009. In their Defence, the Secure Defendants deny all of the allegations made against them. In its Counterclaim, the Corporation claims damages in the amount of \$37.9 million against Tervita, alleging that Tervita has engaged in conduct constituting a breach of the *Competition Act* (Canada) and unlawful interference with the economic relations of the Corporation with the intent of causing injury to the Corporation. The Corporation is currently seeking permission to amend the amount of the Counterclaim to \$97.8 million. The matters raised in the lawsuit are considered by the Corporation to be unfounded and unproven allegations that will be vigorously defended, although no assurances can be given with respect to the outcome of such proceedings. The Corporation believes it has valid defences to this claim and accordingly has not recorded any related liability.

The Corporation is a defendant and plaintiff in legal actions that arise in the normal course of business. The Corporation believes that any liabilities that might arise pertaining to such matters would not have a material effect on its consolidated financial position.

Guarantees

The Corporation indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers. The Corporation may also provide indemnifications in the normal course of business that are often standard contractual terms to counterparties in certain transactions.

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended June 30, 2013 and 2012

11. COMMITMENTS, CONTINGENCIES AND GUARANTEES (continued)

Letters of Credit

As at June 30, 2013, the Corporation has approximately \$22.0 million in letters of credit issued by the Corporation's banker (December 31, 2012 - \$19.6 million). All letters of credit are not cash secured and have been deducted from the Corporation's available long term borrowings (Note 7). The letters of credit relate to security for the Corporation's facilities and are held with provincial regulatory bodies (Note 8) and under certain crude oil marketing contracts.

12. OPERATING SEGMENTS

On April 1, 2013, the Corporation reorganized its reporting structure into four reportable segments. The reportable segments were reorganized to reflect the Corporation's creation of a new on site division, to reflect the Corporation's value chain and anticipated growth opportunities. For management purposes, the Corporation is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment. The Corporation has restated its previously reported segment information for the comparative periods presented.

The Corporation has three reportable operating segments as follows:

- PRD division provides services relating to clean oil terminalling, custom treating of crude oil, crude oil marketing, produced and waste water disposal, oilfield waste processing, landfill disposal and oil purchase/resale service;
- DS division provides services relating to drilling fluid systems, solids control, equipment and rental service;
- OS division provides services that include the full life cycle of pipeline and facility operations, waste management and environmental sciences, asset management and recovery, civil, remediation and reclamation earthworks, and integrated water solution services;
- The Corporate division does not represent an operating segment and is included for informational purposes only. Corporate division expenses consist of public company costs, as well as salaries, share-based compensation, interest and finance costs and office and administrative costs relating to corporate employees.

SECURE ENERGY SERVICES INC.
Notes to the Condensed Consolidated Financial Statements (unaudited)
For the three and six months ended June 30, 2013 and 2012
12. OPERATING SEGMENTS (continued)

(\$000's)	PRD division	DS division	OS division	Corporate	Total
	Three months ended June 30, 2013				
Revenue	288,290	40,998	8,565	-	337,853
Operating expenses	(277,574)	(37,215)	(9,574)	(224)	(324,587)
General and administrative	(5,746)	(4,812)	(1,548)	(1,896)	(14,002)
Business development	-	-	-	(2,146)	(2,146)
Depreciation, depletion and amortization	(9,838)	(3,803)	(1,149)	(224)	(15,014)
Interest, accretion and finance costs	(159)	-	-	(1,205)	(1,364)
Other income	1,675	-	-	-	1,675
Earnings (loss) before income taxes	6,486	(1,029)	(2,557)	(5,471)	(2,571)
	As at June 30, 2013				
Current assets	72,350	74,850	10,690	-	157,890
Total assets	513,691	273,027	33,907	3,788	824,413
Goodwill	12,662	80,564	3,641	-	96,867
Intangible assets	9,607	65,497	8,079	-	83,183
Property, plant and equipment and assets under construction	419,074	52,114	11,497	3,788	486,473
Current liabilities	71,958	21,381	4,068	-	97,407
Total liabilities	113,188	37,297	12,898	144,420	307,803

(\$000's)	PRD division	DS division	OS division	Corporate	Total
	Three months ended June 30, 2012				
Revenue	179,003	40,663	3,996	-	223,662
Operating expenses	(172,049)	(34,901)	(2,787)	(83)	(209,820)
General and administrative	(2,342)	(5,169)	(941)	(1,672)	(10,124)
Business development	-	-	-	(937)	(937)
Depreciation, depletion and amortization	(6,287)	(2,898)	(79)	(83)	(9,347)
Interest, accretion and finance costs	(92)	-	-	(916)	(1,008)
Earnings (loss) before income taxes	4,520	593	268	(3,608)	1,773
	As at December 31, 2012				
Current assets	59,258	110,878	8,991	-	179,127
Total assets	443,621	305,705	14,851	3,734	767,911
Goodwill	11,984	80,532	-	-	92,516
Intangible assets	10,484	69,179	-	-	79,663
Property, plant and equipment and assets under construction	362,254	45,116	5,501	3,734	416,605
Current liabilities	75,445	33,749	1,416	-	110,610
Total liabilities	113,844	52,488	370	122,810	289,512

(\$000's)	PRD division	DS division	OS division	Corporate	Total
	Six months ended June 30, 2013				
Revenue	508,497	134,251	18,083	-	660,831
Operating expenses	(477,348)	(111,639)	(17,290)	(438)	(606,715)
General and administrative	(10,705)	(10,962)	(2,653)	(3,821)	(28,141)
Business development	-	-	-	(3,939)	(3,939)
Depreciation, depletion and amortization	(18,855)	(7,474)	(1,354)	(438)	(28,121)
Interest, accretion and finance costs	(298)	-	-	(2,268)	(2,566)
Other income	1,675	-	-	-	1,675
Earnings (loss) before income taxes	21,821	11,650	(1,860)	(10,466)	21,145

SECURE ENERGY SERVICES INC.

Notes to the Condensed Consolidated Financial Statements (unaudited) For the three and six months ended June 30, 2013 and 2012

12. OPERATING SEGMENTS (continued)

(\$000's)	PRD division	DS division	OS division	Corporate	Total
	Six months ended June 30, 2012				
Revenue	374,522	117,180	9,673	-	501,375
Operating expenses	(352,286)	(95,396)	(6,202)	(188)	(454,072)
General and administrative	(4,961)	(10,930)	(1,908)	(2,842)	(20,641)
Business development	-	-	-	(1,789)	(1,789)
Depreciation, depletion and amortization	(12,816)	(5,656)	(127)	(188)	(18,787)
Interest, accretion and finance costs	(176)	-	-	(2,345)	(2,521)
Earnings (loss) before income taxes	17,099	10,854	1,563	(7,164)	22,352

Geographical Financial Information

(\$000's)	Canada		USA		Total	
	2013	2012	2013	2012	2013	2012
Three months ended June 30						
Revenue	325,716	214,535	12,137	9,127	337,853	223,662
Six months ended June 30						
Revenue	636,291	485,588	24,540	15,787	660,831	501,375
As at Jun 30, 2013 and Dec 31, 2012						
Total non-current assets	576,147	517,892	90,376	70,892	666,523	588,784

13. SUBSEQUENT EVENTS

On July 2, 2013 the Corporation, through its wholly owned subsidiary Marquis Alliance Energy Group Inc., announced the closing of the agreement to acquire all of the issued and outstanding shares of Target Rentals Ltd. ("Target") for an aggregate purchase price, including assumed debt, of \$39.8 million. The purchase price was paid with \$21.0 million in cash and the issuance of 1,367,047 common shares of Secure.

Target is a privately owned oilfield service company headquartered in Grande Prairie, AB offering a complete line of equipment rental and support services in both the drilling and completions sectors. Their core service is the supply of a patented dual containment fluid storage tank system, for oil based drilling fluid applications.

The addition of Target's market leading dual containment fluid storage tank system strengthens Secure's integrated service offering, supporting and expanding the existing drilling fluids and rental business of the Corporation's DS division. The "Target Tank" system provides customers with a safe, environmentally responsible, cost effective solution to storing oil based drilling fluids and other sensitive fluids at the rig site.

Corporate Information

DIRECTORS

Rene Amirault - Chairman

Brad Munro ⁽¹⁾ ⁽²⁾ ⁽³⁾

David Johnson ⁽²⁾ ⁽³⁾ ⁽⁴⁾

George Wadsworth ⁽⁴⁾

Kevin Nugent ⁽¹⁾ ⁽³⁾

Murray Cobbe ⁽¹⁾ ⁽²⁾

Shaun Paterson ⁽¹⁾ ⁽⁴⁾

OFFICERS

Rene Amirault

President and Chief Executive Officer

Allen Gransch

Executive Vice President & Chief Financial Officer

Brian McGurk

Executive Vice President, Human Resources & Strategy

Dan Steinke

Executive Vice President, Operations, PRD

David Mattinson

Executive Vice President, On Site Services

George Wadsworth

Executive Vice President, Drilling Services & USA Operations

Nick Wieler

Executive Vice President, Crude Oil Marketing & Information Systems

STOCK EXCHANGE

Toronto Stock Exchange

Symbol: SES

AUDITORS

MNP LLP

Calgary, Alberta

LEGAL COUNSEL

Bennett Jones LLP

Calgary, Alberta

BANKERS

Alberta Treasury Branches

TRANSFER AGENT AND REGISTRAR

Olympia Trust Company

Calgary, Alberta

¹ Audit Committee

² Compensation Committee

³ Corporate Governance Committee

⁴ Health, Safety & Environment Committee