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## NOTE TO READER

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, Questor Technology Inc. discloses that the Company's independent auditor has not reviewed the unaudited condensed consolidated financial statements for the three and six month periods ended June 30, 2014 and 2013.

**QUESTOR TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*Stated in Canadian dollars*  
*Unaudited*

As at	Notes	June 30 2014	December 31 2013
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 5,635,570	\$ 7,323,303
Trade and other receivables		4,776,165	2,863,257
Inventories	5	2,772,394	2,359,276
Prepaid expenses and deposits		155,475	124,163
Current tax assets		57,099	77,849
<b>Total current assets</b>		<b>13,396,703</b>	<b>12,747,848</b>
<b>Non-current assets</b>			
Property and equipment	3,6	1,631,516	1,256,066
Intangible assets	3,7	441,324	25,915
Goodwill	2,3	687,398	-
<b>Total non-current assets</b>		<b>2,760,238</b>	<b>1,281,981</b>
<b>Total assets</b>		<b>\$ 16,156,941</b>	<b>\$ 14,029,829</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables, accrued liabilities, provisions		\$ 1,279,325	\$ 1,746,259
Deferred revenue and deposits		407,232	252,356
Current portion of lease inducement		52,002	52,002
Current tax liabilities		710,469	638,527
<b>Total current liabilities</b>		<b>2,449,028</b>	<b>2,689,144</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		49,568	53,793
Lease inducement		95,336	121,337
<b>Total non-current liabilities</b>		<b>144,904</b>	<b>175,130</b>
<b>Total liabilities</b>		<b>2,593,932</b>	<b>2,864,274</b>
<b>Capital and reserves</b>			
Issued capital	8	5,802,943	5,636,119
Reserves		731,128	703,156
Retained earnings		7,022,353	4,826,280
Cumulative translation adjustment		6,585	-
<b>Total equity</b>		<b>13,563,009</b>	<b>11,165,555</b>
<b>Total liabilities and equity</b>		<b>\$ 16,156,941</b>	<b>\$ 14,029,829</b>

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

**QUESTOR TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*Stated in Canadian dollars*  
*Unaudited*

	Notes	For the three months ended June 30		For the six months ended June 30	
		2014	2013	2014	2013
Revenue	9	\$ 4,502,651	\$ 2,263,746	\$ 7,718,088	\$ 3,983,323
Cost of sales		(1,957,499)	(1,086,306)	(3,730,395)	(1,915,442)
Gross profit		2,545,152	1,177,440	3,987,693	2,067,881
Administration expenses		(605,724)	(497,657)	(1,092,880)	(851,207)
Net foreign exchange (losses)/gains		(34,047)	47,437	109,107	92,434
Depreciation of property and equipment	6	(13,973)	(9,799)	(25,937)	(20,539)
Amortization of intangible assets	7	(1,332)	(304)	(1,637)	(609)
Loss on disposal of property and equipment	6	-	(347)	-	(347)
Other income	9	11,179	2,296	13,878	6,972
Profit before tax		1,901,255	719,066	2,990,224	1,294,585
Income tax expense					
Current		(501,934)	(102,855)	(798,376)	(254,233)
Deferred		(4,998)	17,965	4,225	10,909
<b>Profit for the period</b>		<b>\$ 1,394,323</b>	<b>\$ 634,176</b>	<b>\$ 2,196,073</b>	<b>\$ 1,051,261</b>
<b>Other comprehensive income, net of income tax</b>					
Exchange differences on translating foreign operations		8,235	-	6,585	-
<b>Total comprehensive income</b>		<b>\$ 1,402,558</b>	<b>\$ 634,176</b>	<b>\$ 2,202,658</b>	<b>\$ 1,051,261</b>

**Earnings per share - Profit for the  
period**

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Basic	\$	0.055	\$	0.025	\$	0.087	\$	0.042
Diluted	\$	0.053	\$	0.025	\$	0.083	\$	0.041

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

**QUESTOR TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

*Stated in Canadian dollars*  
*Unaudited*

	Issued Capital	Reserves	Retained Earnings	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2014	\$ 5,636,119	\$ 703,156	\$ 4,826,280	\$ -	\$ 11,165,555
Profit for the period	-	-	2,196,073	-	2,196,073
Recognition of share-based payments	-	93,371	-	-	93,371
Issue of ordinary shares under employee share option plan	166,824	(65,399)	-	-	101,425
Translation of foreign operations	-	-	-	6,585	6,585
<b>Balance at June 30, 2014</b>	<b>\$ 5,802,943</b>	<b>\$ 731,128</b>	<b>\$ 7,022,353</b>	<b>\$ 6,585</b>	<b>\$ 13,563,009</b>

	Issued Capital	Reserves	Retained Earnings	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2013	\$ 5,521,001	\$ 676,834	\$ 2,282,231	\$ -	\$ 8,480,066
Profit for the period	-	-	1,051,261	-	1,051,261
Recognition of share-based payments	-	37,970	-	-	37,970
Issue of ordinary shares under employee share option plan	54,880	(22,630)	-	-	32,250
<b>Balance at June 30, 2013</b>	<b>\$ 5,575,881</b>	<b>\$ 692,174</b>	<b>\$ 3,333,492</b>	<b>\$ -</b>	<b>\$ 9,601,547</b>

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

**QUESTOR TECHNOLOGY INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

*Stated in Canadian dollars*  
*Unaudited*

For the six months ended June 30	Notes	2014	2013
<b>Cash flows from operating activities</b>			
Profit for the period		\$ 2,196,073	\$ 1,051,261
Adjustments for:			
Income tax expense		794,151	243,324
Loss on disposal of property and equipment		-	347
Depreciation of property and equipment	6	129,346	158,616
Amortization of intangible assets	7	1,637	609
Net unrealized foreign exchange losses		127,690	49,285
Expense recognized in respect of equity-settled share-based payments	8	93,371	37,970
		<b>3,342,268</b>	1,541,412
Movements in non-cash working capital	13	<b>(3,045,341)</b>	(150,108)
Cash generated from operations		<b>296,927</b>	1,391,304
Income taxes paid		<b>(746,915)</b>	-
Net cash (used in) generated from operating activities		<b>(449,988)</b>	1,391,304
<b>Cash flows used in investing activities</b>			
Payments for property and equipment		<b>(82,043)</b>	(90,270)
Proceeds from disposal of property and equipment		-	5,000
Payments for intangible assets		<b>(263,002)</b>	-
Acquisition of a business	3	<b>(1,000,710)</b>	-
Net cash used in investing activities		<b>(1,345,755)</b>	(85,270)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares under employee share option plan		<b>101,425</b>	32,250
Net cash generated from financing activities		<b>101,425</b>	32,250
<b>Net (decrease) increase in cash</b>		<b>(1,694,318)</b>	1,338,284
Cash and cash equivalents at beginning of the period		<b>7,323,303</b>	4,405,624
Effects of translation of foreign currencies		<b>6,585</b>	(18,476)
<b>Cash and cash equivalents at end of the period</b>		<b>\$ 5,635,570</b>	\$ 5,725,432

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

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**QUESTOR TECHNOLOGY INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2014**

*Stated in Canadian dollars except share data or where otherwise specified*  
*Unaudited*

**1. DESCRIPTION OF BUSINESS**

Questor Technology Inc. ("Questor" or the "Company") is incorporated in Canada under the Business Corporations Act (*Alberta*) and its common shares are traded on the TSX Venture Exchange under the symbol "QST". The Company's recently acquired subsidiary – ClearPower Systems Inc. ("ClearPower") was incorporated in the US under the laws of the State of Delaware and is consolidated in these financial statements in Canadian dollars (See Note 2). The address of the Company's corporate and registered office is 1121, 940 – 6<sup>th</sup> Avenue S.W., Calgary, Alberta, Canada, T2P 3T1. The Company also has a field office in Grande Prairie, Alberta. ClearPower has operations in the states of Florida and Nevada.

Questor is an international environmental oilfield services provider focused on clean air technologies with activities in Canada, the United States, Europe and Asia. The principal business activities are designing and manufacturing high combustion efficiency waste gas incinerators for sale or for use on a rental basis and providing combustion-related oilfield services. With the acquisition of ClearPower, the Company also operates in the area of generating power from waste heat.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These unaudited condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared by management in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The accounting policies and methods of computation used in preparing these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the audited 2013 annual financial statements.

These unaudited condensed consolidated financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013.

These financial statements were authorized for issue by the Board of Directors on August 27, 2014.

**Basis of preparation**

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Company's functional currency. The functional currency of the Company's subsidiary, ClearPower Systems Inc. is the United States dollar and its accounts have been translated into the Company's functional currency following the guidelines of IFRS.

Accounting estimates and judgments

In the application of the Company's accounting policies, which are described in note 3 to Questor's audited financial statements for the year ended December 31, 2013, the Company is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods presented. The critical judgements in applying accounting policy and other key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of

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assets and liabilities are described in note 2 to the Company's audited financial statements for the year ended December 31, 2013.

### **Principles of consolidation**

The unaudited condensed consolidated financial statements include the accounts of Questor and its subsidiary – ClearPower Systems, Inc. over which Questor has control. Generally control is achieved where Questor has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These financial statements are prepared including the activities of ClearPower from the date of its acquisition to the end of Questor's reporting period, using consistent accounting policies. All intercompany accounts and transactions have been eliminated upon consolidation.

### **Goodwill**

Goodwill arising in a business combination is recognized as an asset and initially measured at cost, being the excess of the consideration transferred in the business combination over Questor's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is reviewed for impairment at least annually.

### **New Accounting Policies**

As of January 1, 2014, the Company adopted new IFRS standards and amendments in accordance with the transitional provisions of each standard. A brief description of each new standard and its impact on the Company's financial statements follows:

IAS 32, Financial Instruments Presentation – in December 2011, the IASB issued amendments to address inconsistencies when applying the offsetting criteria outlined in this standard. These amendments clarify certain required criteria be met in order to permit the offsetting of financial assets and financial liabilities.

IAS 36, Impairment of Assets - amended in May 2013 to limit the situations in which disclosure of the recoverable amount of Cash Generating Units (CGU) is required and provides greater clarity to the disclosure requirements applicable when an impairment loss has been recognized or reversed in the period.

IFRIC 21, Levies - clarifies that an entity is obligated to record a liability at the time in which the activity that triggers the levy took place and should not be recognized before the specified minimum threshold to trigger that levy has been met. The interpretation clarifies that a levy liability is accrued prospectively only if the activity that triggers the payment occurs over a period of time.

The adoption of these amendments or interpretations did not have a material impact on the interim financial statements.

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### 3. BUSINESS COMBINATION

On January 31, 2014 Questor completed the acquisition of 100% of the outstanding shares of ClearPower Systems Inc., a Delaware company with prototype technology that uses waste heat to generate power. Total consideration paid was \$900,000 USD (\$1,000,710 CAD) cash. The allocation of the total consideration to the net assets acquired is summarized below:

#### Assets acquired and liabilities recognized at the date of the acquisition:

##### Non-current assets

Prototype unit	\$ 159,268
Intangible assets	154,044
	<u>\$ 313,312</u>

Consideration transferred	\$ 1,000,710
Less: Fair value of identifiable net assets acquired	313,312
<b>Goodwill arising on acquisition</b>	<u>\$ 687,398</u>

Due to the complexity and timing of the acquisition, the Company is in the process of determining and finalizing the fair value of the net assets acquired as part of the acquisition. The amounts determined on a provisional basis generally relate to net tangible asset assessments.

Acquisition related costs amounting to \$13,841 have been expensed in the current year within the "administration expenses" line item.

#### Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	\$ 1,000,710
Less: cash and cash equivalent balances acquired	-
	<u>\$ 1,000,710</u>

#### Impact of acquisition on the results of the Group

Included in the profit for the six months ended June 30, 2014 is \$30,945 attributable to the operating costs of ClearPower. In addition, ClearPower spent \$257,777 on costs related to the re-design and refinement of its waste heat to power generation units in the period, which amounts have been recorded as intangible assets.

### 4. CASH AND CASH EQUIVALENTS

Certain cash balances are held in foreign currencies of which the Canadian dollar equivalent is as follows:

As at	June 30 2014	December 31 2013
United States dollars	\$ 670,995	\$ 464,614
Euros	11,493	11,485
Other non-Canadian currencies	65	65
	<u>682,553</u>	476,164
Canadian dollars	<u>4,953,017</u>	6,847,139
	<u>\$ 5,635,570</u>	\$ 7,323,303

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**5. INVENTORIES**

As at	June 30, 2014	December 31, 2013
Materials and supplies	\$ 211,407	\$ 88,393
Work in progress	2,489,738	2,199,634
Finished goods	71,249	71,249
	<b>\$ 2,772,394</b>	<b>\$ 2,359,276</b>

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Inventory costs included in cost of sales:

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Expensed inventories	\$ 1,462,418	\$ 748,917	\$ 2,752,083	\$ 1,238,242

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## 6. PROPERTY AND EQUIPMENT

	Rental incinerators	Detachable trailers for rental incinerators	Vehicles and trailers	Waste heat to power generation units	Tools and equipment	Leasehold improve- ments	Office furniture and equipment	Computer hardware and software	Capital projects in progress	Total
<b>Cost</b>										
Balance at January 1, 2013	\$ 2,359,640	\$ 287,009	\$ 218,417	\$ -	\$ 50,604	\$ 176,867	\$ 48,242	\$ 48,113	\$ 270,295	\$ 3,459,187
Additions	20,189	4,000	86,104	-	4,690	-	-	9,084	82,424	206,491
Transfers	-	-	-	-	-	-	-	-	(352,719)	(352,719)
Disposals:										
To third parties	(819,499)	-	(111,814)	-	-	-	-	-	-	(931,313)
Derecognition	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2013	\$ 1,560,330	\$ 291,009	\$ 192,707	\$ -	\$ 55,294	\$ 176,867	\$ 48,242	\$ 57,197	\$ -	\$ 2,381,646
Business combination (Note 3)	-	-	-	159,268	-	-	-	-	-	159,268
Additions	3,850	-	45,556	-	5,697	-	5,750	21,190	-	82,043
Transfers	265,681	(4,000)	4,000	-	-	-	-	-	-	265,681
Disposals:										
To third parties	-	-	-	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2014</b>	<b>\$ 1,829,861</b>	<b>\$ 287,009</b>	<b>\$ 242,263</b>	<b>\$ 159,268</b>	<b>\$ 60,991</b>	<b>\$ 176,867</b>	<b>\$ 53,992</b>	<b>\$ 78,387</b>	<b>\$ -</b>	<b>\$2,888,638</b>
<b>Accumulated depreciation</b>										
Balance at January 1, 2013	\$ 654,325	\$ 209,465	\$ 173,121	\$ -	\$ 29,121	\$ 49,120	\$ 18,290	\$ 30,216	-	\$ 1,163,658
Transfers	-	-	-	-	-	-	-	-	-	-
Depreciation charges included in:										
Cost of sales	206,789	21,510	26,538	-	4,374	-	-	-	-	259,211
Depreciation expense	-	-	-	-	-	29,472	5,470	6,320	-	41,262
Disposals:										
To third parties	(240,831)	-	(97,720)	-	-	-	-	-	-	(338,551)
Derecognition	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2013	620,283	230,975	101,939	-	33,495	78,592	23,760	36,536	-	1,125,580
Depreciation charges included in:										
Cost of sales	53,343	28,039	19,698	-	2,329	-	-	-	-	103,409
Depreciation expense	-	-	-	4,094	-	14,736	2,444	4,663	-	25,937
Disposals:										
To third parties	-	-	-	-	-	-	-	-	-	-
Transfers	2,196	-	-	-	-	-	-	-	-	2,196
<b>Balance at June 30, 2014</b>	<b>\$ 675,822</b>	<b>\$ 259,014</b>	<b>\$ 121,637</b>	<b>\$ 4,094</b>	<b>\$ 35,824</b>	<b>\$ 93,328</b>	<b>\$ 26,204</b>	<b>\$ 41,199</b>	<b>-</b>	<b>\$1,257,122</b>
<b>Carrying amounts</b>										
At December 31, 2013	\$ 940,047	\$ 60,034	\$ 90,768	\$ -	\$ 21,799	\$ 98,275	\$ 24,482	\$ 20,661	\$ -	\$ 1,256,066
<b>At June 30, 2014</b>	<b>\$ 1,154,039</b>	<b>\$ 27,995</b>	<b>\$ 120,626</b>	<b>\$ 155,174</b>	<b>\$ 25,167</b>	<b>\$ 83,539</b>	<b>\$ 27,788</b>	<b>\$ 37,188</b>	<b>\$ -</b>	<b>\$ 1,631,516</b>

## 7. INTANGIBLE ASSETS

	Development Costs	Patents	Drawings	Total
Balance at January 1, 2013	\$ 277,796	\$ 15,225	\$ -	\$ 293,021
Additions	-	-	18,810	18,810
Balance at December 31, 2013	277,796	15,225	18,810	311,831
<b>Business combination (Note 3)</b>	-	-	<b>154,044</b>	<b>154,044</b>
<b>Additions</b>	-	-	<b>263,002</b>	<b>263,002</b>
<b>Balance at June 30, 2014</b>	<b>\$ 277,796</b>	<b>\$ 15,225</b>	<b>\$ 435,856</b>	<b>\$ 728,877</b>
<b>Accumulated Amortization</b>				
Balance at January 1, 2013	\$ 277,796	\$ 6,902	\$ -	\$ 284,698
Amortization expense	-	1,218	-	1,218
Balance at December 31, 2013	277,796	8,120	-	285,916
<b>Amortization expense</b>	-	<b>609</b>	<b>1,028</b>	<b>1,637</b>
<b>Balance at June 30, 2014</b>	<b>\$ 277,796</b>	<b>\$ 8,729</b>	<b>\$ 1,028</b>	<b>\$ 287,553</b>
<b>Carrying Amounts</b>				
At December 31, 2013	\$ -	\$ 7,105	\$ 18,810	\$ 25,915
<b>At June 30, 2014</b>	<b>\$ -</b>	<b>\$ 6,496</b>	<b>\$ 434,828</b>	<b>\$ 441,324</b>

As a result of the acquisition of ClearPower, the Company acquired engineering design and drawings for the prototype unit, and has continued to expend funds in the six months ended June 30, 2014 for additional engineering design and drawings. Once the unit reaches commercial stage, amortization of the costs will commence.

## 8. ISSUED CAPITAL

### Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value.

### Shares issued and outstanding

	Number of shares	Share capital
Shares issued and outstanding, January 1, 2014	25,232,370	\$ 5,636,119
Issue of ordinary shares under employee share option plan	297,500	101,425
Contributed surplus on options exercised	-	65,399
<b>Shares issued and outstanding June 30, 2014</b>	<b>25,529,870</b>	<b>\$ 5,802,943</b>

### Share options granted under the Company's employee share option plan

During the six month period ended June 30, 2014 there were 297,500 options exercised (2013 – 75,000). At June 30, 2014, directors, officers, key employees and consultants held options over 1,490,500 ordinary shares of the Company of which 440,000 were exercisable. At June 30, 2013, directors, officers, key employees and consultants held options over 1,650,000 ordinary shares of the Company. Share-based payments expense for the three and six month periods ended June 30, 2014 were \$76,660 (2013 - \$19,174) and \$93,371 (2013 -

\$37,970). Of these amounts, \$1,861 (2013 - \$2,073) and \$3,291 (2013 - \$4,985) were included in cost of sales and the balance in administration expenses.

## 9. REVENUE AND OTHER INCOME

The following is an analysis of Questor's revenue:

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Sale of goods	\$ 3,999,279	\$ 1,865,009	\$ 6,765,976	\$ 3,165,720
Rendering of services				
Incinerator rental income	412,332	285,677	670,691	558,687
Incinerator and combustion services	91,040	113,060	281,421	258,916
	\$ 4,502,651	\$ 2,263,746	\$ 7,718,088	\$ 3,983,323

The following is an analysis of the Company's Other income:

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Interest income	\$ 10,421	\$ 500	\$ 12,173	\$ 2,482
Other	758	1,796	1,705	4,490
	\$ 11,179	\$ 2,296	\$ 13,878	\$ 6,972

## 10. INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from the top ten customers represented 97 percent of the Company's revenue for the three months ended June 30, 2014 (2013 - 96 percent) and 92 percent of revenue in the six months ended June 30, 2014 (2013 - 91 per cent). Revenue from the largest customer represented 46 percent of the Company's revenue in the three months ended June 30, 2014 (2013 - 28 percent) and 38 per cent of revenue for the six months ended June 30, 2014 (2013 - 25 percent). Two customers each represented 10 percent or more of Questor's revenues in the three month period ended June 30, 2014 (2013 - three customers) and three customers each represented 10% or more of the Company's revenues in the six month period ended June 30, 2014 (2013 - four customers).

Six customers represented 84 percent of the Company's total net trade and other receivables at June 30, 2014 (December 31, 2013 - three customers represented 71 percent).

## 11. EARNINGS PER SHARE

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Profit for the period attributable to ordinary equity holders	\$ 1,394,323	\$ 634,176	\$ 2,196,073	\$ 1,051,261
Weighted average number of ordinary shares for the purposes of basic earnings per share	25,475,639	25,076,601	25,379,539	25,042,177
Basic earnings per share	\$ 0.055	\$ 0.025	\$ 0.087	\$ 0.042

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**Diluted earnings per share**

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Profit for the period attributable to ordinary equity holders	\$ 1,394,323	\$ 634,176	\$ 2,196,073	\$ 1,051,261
Weighted average number of ordinary shares for the purposes of diluted earnings per share	26,478,434	25,729,800	26,364,696	25,621,734
Diluted earnings per share	\$ 0.053	\$ 0.025	\$ 0.083	\$ 0.041

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	25,475,639	25,076,601	25,379,539	25,042,177
Shares deemed to be issued for no consideration in respect of employee options	1,002,795	653,199	985,157	579,557
Weighted average number of ordinary shares for the purposes of diluted earnings per share	26,478,434	25,729,800	26,364,696	25,621,734

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share for the three and six month periods ended June 30, 2014:

Option series	Number to be exercised	Exercise price
Granted on June 9, 2014	40,000	\$ 3.99

The following potential ordinary shares were anti-dilutive and were therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share for the six month period ended June 30, 2013:

Option series	Number to be exercised	Exercise price
Granted on April 24, 2013	450,000	\$ 0.5300

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## 12. SEGMENTED INFORMATION

The Company reports its financial results as one reportable segment.

The following table provides information regarding revenue on a geographic basis as determined by the location of the customer or third party.

### Revenue

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Canada	\$ 2,288,075	\$ 1,031,087	\$ 4,378,911	\$ 1,593,539
United States	1,812,188	608,560	2,896,663	1,765,685
Russia	382,384	621,999	411,731	621,999
Other	20,004	2,100	30,783	2,100
	<b>\$ 4,502,651</b>	<b>\$ 2,263,746</b>	<b>\$ 7,718,088</b>	<b>\$ 3,983,323</b>

The following table provides information regarding the location of the Company's non-current assets on a geographic basis as determined by the location of the assets, customer or third party.

### Property and equipment

As at	June 30 2014	December 31 2013
Canada	\$ 1,368,069	\$ 1,224,463
United States	263,447	31,603
	<b>\$ 1,631,516</b>	<b>\$ 1,256,066</b>

### All other non-current assets

As at	June 30 2014	December 31 2013
Canada	\$ 29,503	\$ 25,915
United States	1,099,219	-
	<b>\$ 1,128,722</b>	<b>\$ 25,915</b>

### 13. MOVEMENTS IN NON-CASH WORKING CAPITAL

For the six months ended June 30	2014	2013
Trade and other receivables	\$ (2,040,599)	\$ (13,227)
Inventories	(676,603)	(115,614)
Prepaid expenses and deposits	(31,311)	42,852
Trade payables, accrued liabilities and provisions	(466,933)	(146,545)
Net current tax excluding income tax	41,230	(47,817)
Deferred revenue and deposits	154,876	83,649
Lease inducement	(26,001)	46,594
	<b>\$ (3,045,341)</b>	<b>\$ (150,108)</b>

### 14. COMMITMENTS

The Company has not entered into any additional contractual obligations and commitments from those described in note 23 to Questor's audited financial statements as at and for the year ended December 31, 2013.

### 15. RELATED PARTY TRANSACTIONS

In the normal course of business, Questor may transact with related parties. These transactions are recorded at their exchange amounts which approximate fair value.

For the	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Consulting services fees paid to a corporation controlled by a key management personnel member <sup>(1)</sup>	\$ -	\$ 40,320	\$ 14,535	\$ 80,820
Service vehicles purchased at market rates from a corporation owned by a director of the Company	-	86,104	-	86,104
Vehicle repairs and maintenance services purchased at market rates from a corporation owned by a director of the Company <sup>(1)</sup>	-	1,244	-	1,244
	<b>\$ -</b>	<b>\$ 127,668</b>	<b>\$ 14,535</b>	<b>\$ 168,168</b>

<sup>(1)</sup> Before GST/HST

### 16. SEASONALITY AND CYCLICALITY OF OPERATIONS

There are a number of factors contributing to quarterly variations that may not be reflective of the Company's future performance. A significant portion of the Company's operations are carried on in western Canada where activity levels in the oilfield services industry are subject to a degree of seasonality due to volatility in the weather and temperatures. Oilfield services demand is driven by customer capital spending and drilling programs which are affected by crude oil and natural gas commodity prices, changes in legislation and seasonal behaviours. Other factors causing variation include the Company's mix of products and services delivered, and the currency in which the sales are transacted.