



FLINT ENERGY SERVICES
INTEGRATED. INTEGRAL.



Q2
QUARTERLY
REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Flint Energy Services Ltd. ("Flint" or the "Company") should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2008 and accompanying notes. The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are reported in Canadian dollars.

Flint Energy Services Ltd. is a market leader providing an expanding range of integrated products and services for the energy industry including: production services; field construction; oilfield transportation; process equipment design and manufacturing; tubular management services; and plant management and maintenance services. Flint provides this unique breadth of products and services through over 60 strategic locations in the oil and gas producing areas of western North America, from Inuvik in the Northwest Territories to Mission, Texas on the Mexican border. Flint is a preferred provider of infrastructure construction management, module fabrication, and maintenance services for upgrading and production facilities in Alberta's oil sands sector. The Company's common stock is traded on the Toronto Stock Exchange under the symbol "FES".

Advisory Regarding Forward Looking Statements

This report dated as at August 6, 2009 contains forward-looking statements under the heading "Outlook" and elsewhere concerning future events or the Company's future performance, including the Company's projected operating results for 2009 and beyond, and anticipated capital expenditure trends and drilling activity in the oil and gas industry. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of known and unknown risks, uncertainties and other factors affecting the Company's business and the oil and gas industry generally. These factors include, but are not limited to, fluctuations in oil and gas prices, fluctuations in the level of oil and gas industry capital expenditures and expenditures on production and remedial work and other factors that affect demand for the Company's services, industry competition, the need to effectively integrate acquired businesses, uncertainties as to the Company's ability to implement its business strategy effectively in Canada and the United States, political and economic conditions, the Company's ability to attract and retain key personnel, and other risks and uncertainties described under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form for the year ended December 31, 2008 and other documents filed with Canadian provincial securities authorities and are available to the public at www.sedar.com. The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be relied upon. These statements speak only as of the date of this report. The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as may be required under applicable securities laws. The forward-looking statements contained in this report are expressly qualified by this statement.

Description of Non-GAAP Measures

Throughout this MD&A, management uses terms and ratios not found in the Handbook of the Canadian Institute of Chartered Accountants, which do not have a standardized meaning under Canadian Generally Accepted Accounting Principles (GAAP), therefore the following definitions are provided:

"EBITDA" is equal to earnings (loss) before interest, taxes, depreciation, amortization, impairment charge, and stock based compensation. The Company presents EBITDA as a supplemental earnings measure as it is used by the chief operating decision makers of the Company to measure operating segment profitability. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees and to evaluate the performance of its operating segments.

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"Adjusted net earnings" is equal to net earnings (loss) excluding after-tax impairment charges related to goodwill, intangible assets, and property, plant, and equipment. The Company uses adjusted net earnings as a measure of profitability excluding extraordinary items to evaluate the Company's performance. Adjusted net earnings per share is equal to net earnings (loss) per share excluding the impairment charge.

"Gross margin" is calculated by subtracting direct costs from revenue. The Company believes gross margin is a measure of project profitability and is commonly used to evaluate the Company's performance.

"Gross margin percentage" is calculated by taking gross margin and dividing by revenue, expressed as a percentage.

"Days Sales Outstanding" ("DSO") is calculated by taking the accounts receivable, revenue in excess of billings, inventories, and subtracting billings in excess of revenue for the period. The result is then converted into days using the revenue count-back method. Management uses DSO to evaluate the effectiveness of billing and collection of revenues.

"Funds provided by operations before changes in non-cash working capital" is equal to net earnings (loss) adjusting for items not affecting cash. The Company presents funds provided by operations before changes in non-cash working capital to measure funds generated from operations.

"Cash flow to interest bearing debt" is equal to cash flow divided by interest bearing debt, expressed as a percentage. Cash flow is equal to funds provided by operations before changes in non-cash working capital. Interest bearing debt is equal to long-term debt including the current portion.

"Debt to total capitalization" is equal to debt divided by total capitalization, expressed as a percentage. Debt is equal to long-term debt including the current portion. Total capitalization is equal to long-term debt including the current portion plus shareholders' equity.

These non-GAAP financial measures and ratios may not be comparable to similar measures and statistics presented by other issuers. The ratios are presented because they are commonly referred to by lenders and other interested parties in evaluating the Company's financial position. Certain comparative figures have been reclassified to conform to current period presentation.

Recent Events

Credit Agreement Renewal

On July 1, 2009 the Company completed the renewal of the Credit Agreement between Flint Energy Services Ltd., Flint Energy Services Inc., and Flint Financing (U.S.) Partnership, the Bank of Montreal as Agent and the lenders party thereto dated November 27, 2006 that was due to expire on November 27, 2009.

The new agreement will expire on June 30, 2012. Under the terms of the agreement the maximum credit available under the Canadian and United States revolving operating loan was reduced to \$137 million Canadian and \$15 million U.S. from \$210 million Canadian and \$18 million U.S. respectively. The maximum available under the term loans was maintained at \$170 million Canadian and \$73 million U.S. The Company's ability to request expansion of the borrowing capacity under the agreement was maintained at \$250 million for the revolving operating loans and \$325 million for the term loans.

Interest on the revolving operating loans is at bank prime rate plus 0.50% to 1.75% for Canadian dollar loans, U.S. Base rate loans and U.S. Prime rate loans, at LIBOR or Bankers Acceptance rate plus 2.00% to 3.25% for Bankers Acceptances and LIBOR loans, and 1.75% to 2.75% for Letters of Credit depending upon certain financial ratios. There have been no changes to the Company's banking covenants.

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Normal Course Issuer Bid

On February 26, 2009, the Company announced a Normal Course Issuer Bid to purchase up to a maximum of 2,308,725 common shares, representing 5% of the total issued and outstanding common shares. The Normal Course Issuer Bid commenced on March 3, 2009 and will terminate on March 2, 2010. For the six months ended June 30, 2009, the Company purchased 688,300 common shares at an average cost of \$7.94 per share (inclusive of brokerage fees) for a total expenditure of \$5.5 million. All repurchased shares were cancelled as of June 30, 2009.

Summary of Consolidated Financial Results

The following table summarizes key financial data to be read in conjunction with the unaudited interim financial statements of the Company as at and for the three and six months ended June 30, 2009, as well as the annual audited consolidated financial statements of the Company as at December 31, 2008. The financial statements are prepared in accordance with Canadian GAAP.

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Revenue	\$ 424.2	\$ 531.7	\$ 954.4	\$ 1,047.3
EBITDA	23.5	31.1	70.3	84.8
Net earnings	3.8	11.8	22.3	30.3
per common share – basic	0.08	0.25	0.49	0.63
per common share – diluted	0.08	0.25	0.48	0.63
Funds provided by operations before changes in non-cash working capital	15.0	32.2	38.8	62.2

	June 30, 2009	December 31, 2008
Working capital	\$ 335.8	\$ 313.1
Total assets	941.7	1,088.9
Shareholders' equity	\$ 497.2	\$ 482.2

Highlights

Revenue

Revenue for the three months ended June 30, 2009 was \$424.2 million, a decrease of \$107.5 million (20.2%), compared to \$531.7 million for the same period of 2008. Decreased revenues from the Production Services segment, particularly in the United States, and the Maintenance Services segment contributed to the overall reduction. Canadian operations generated \$346.6 million in revenues, down \$52.4 million during the quarter, while the United States revenues were \$77.6 million, down \$55.1 million (41.5%) as a result of reduced drilling activity. United States operations accounted for 18.3% of revenues for the quarter as compared to 25.0% in the prior comparable quarter. Revenue for the six months ended June 30, 2009 decreased \$92.9 million (8.9%) to \$954.4 million.

EBITDA

EBITDA was \$23.5 million for the quarter, compared to \$31.1 million in the comparative quarter. EBITDA as a percentage of revenue declined to 5.5% from 5.8%. The decrease in EBITDA, as a percentage of revenue, is a result of a decline in drilling activity and an increase in competitive pressures, particularly in the United States, eroding gross margins. General and administrative expenses for the three months ended June 30, 2009 were \$31.9 million compared to \$40.8 million in 2008, a decrease of \$8.9 million and as a percentage of revenue, improved 0.2% to 7.5%. The Company has implemented many cost control measures, including salary reductions. Additional costs are being incurred in information technology to support increasing system requirements as portions of Oilfield Services and Canadian and United States Production Services are converted to its Enterprise Resource Planning ("ERP") system, JD Edwards, and partially related to our International Financial Reporting Standards ("IFRS") convergence project.

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Net Earnings

Net earnings for the three months ended June 30, 2009 decreased to \$3.8 million or \$0.08 per common share from \$11.8 million or \$0.25 per common share in the comparative quarter. For the six months ended June 30, 2009 net earnings were \$22.3 million or \$0.49 per common share, down from \$30.3 million or \$0.63 per common share. The second quarter of 2008 included \$8.7 million in earnings as a result of a Quebec tax settlement.

	2009	2008
Net earnings	\$ 3.8	\$ 11.8
Quebec Tax Settlement	-	(8.7)
Net earnings excluding Quebec tax settlement	3.8	3.1
Earnings per share		
per common share - basic	0.08	0.25
per common share - diluted	0.08	0.25
Earnings per share excluding Quebec tax settlement		
per common share - basic	0.08	0.07
per common share - diluted	0.08	0.07

Quarterly Information

	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$ 424.2	\$ 530.2	\$ 678.2	\$ 585.8	\$ 531.7	\$ 515.6	\$ 465.0	\$ 424.3
Adjusted net earnings	3.8	18.5	22.1	16.7	11.8	18.4	9.6	12.2
per common share - basic	0.08	0.40	0.47	0.35	0.25	0.38	0.20	0.26
per common share - diluted	0.08	0.40	0.47	0.35	0.25	0.38	0.21	0.25
Net earnings (loss)	3.8	18.5	(224.5)	(163.2)	11.8	18.4	9.6	12.2
per common share - basic	0.08	0.40	(4.78)	(3.41)	0.25	0.38	0.20	0.26
per common share - diluted	0.08	0.40	(4.78)	(3.41)	0.25	0.38	0.21	0.25

A number of factors contribute to variations in the Company's results between periods. These include, but are not limited to, weather, customer capital spending, as well as drilling programs which are affected by oil and natural gas commodity prices, and seasonal behaviours in customer spending caused by activities such as plant shutdown work. The Company continues to create the optimum portfolio of services to meet customer needs and maximize shareholder returns.

Certain business lines within the Company relate to the maintenance and operation of oilfield facilities, which generally produce consistent revenues, while other business lines relate to large projects, potentially resulting in fluctuating revenue streams over time. While a significant amount of the business activity related to the maintenance and operation of oilfield facilities is under long-term contract, the work is still primarily call-out related and is provided on an as-needed basis and, therefore, does not generate a consistent revenue stream between periods. The Oilfield Services operating segments' primary business drivers are related to the drilling cycle in the Western Canadian Sedimentary Basin, while the specialized heavy haul operation, included as part of the Oilfield Services operating segment, will have more specific business drivers related to the movement of large pieces of equipment and module components of construction projects.

As the Company has United States operations, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations in translating the revenues and expenses of its United States operations to Canadian dollars. During the six months ended June 30, 2009, 19.2% of the Company's business activity was in the United States.

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Results of Operations

On January 7, 2009, the Company announced a restructuring of its business segments as part of the process to streamline operations. The Company began reporting in the new structure consisting of four segments in 2009. The comparative results have been restated to conform to the new basis of presentation. The new segments are: Production Services, Facility Infrastructure, Oilfield Services, and Maintenance Services.

Production Services, which now includes the previous Tubular Management and Manufacturing segment, remains focused on midstream oil and gas field production services. These services encompass: fabrication, construction and maintenance of production facilities, mid-inch pipelines, production equipment, and mid-sized construction management with the inspection repair and refurbishing of production tubing, drill pipe, sucker rods, casing, small diameter pipelines and polyethylene pipe and liners.

Facility Infrastructure, which includes its oil sands construction activities, remains unchanged and provides construction management, modular fabrication, and field construction services on major construction projects primarily in Edmonton and Fort McMurray, Alberta.

Oilfield Services now combines the Fluid Haul Services business unit previously reported in Production Services, and the previous Oilfield Transportation segment. This new segment will provide: drill rig and service rig moving; module, equipment and specialty hauling; fluid handling, pressure and vacuum services, industrial and chemical cleaning; and coiled tubing and flush-by services.

Maintenance Services remains unchanged, and consists of four joint venture companies: FT Services, Mackenzie Valley Construction, SRP North Ventures and Mackenzie Aboriginal Corporation.

The Company allocates resources based on revenue and evaluates performance of operating segments based on earnings before interest, taxes, depreciation, amortization, impairment charge, and stock based compensation, which follows the organization, management and reporting structure of the Company.

Selected financial information for each reportable business segments is as follows:

<i>(in thousands of Canadian dollars)</i>	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>Three months ended June 30, 2009</i>					
Revenue	\$ 186,600	\$ 131,270	\$ 40,244	\$ 66,124	\$ 424,238
EBITDA	5,063	14,217	(133)	4,357	23,504
EBITDA %	2.7%	10.8%	(0.3%)	6.6%	5.5%
Amortization on property, plant and equipment, and intangible assets	5,875	2,121	4,915	1,290	14,201
Capital expenditures	4,196	2,766	2,504	2,064	11,530
<i>Three months ended June 30, 2008 (restated)</i>					
Revenue	\$ 258,950	\$ 120,438	\$ 50,882	\$ 101,443	\$ 531,713
EBITDA	18,175	10,339	(4,525)	7,109	31,098
EBITDA %	7.0%	8.6%	(8.9%)	7.0%	5.8%
Amortization on property, plant and equipment, and intangible assets	8,152	2,794	5,586	279	16,811
Capital expenditures	4,622	1,519	1,465	1,592	9,198

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<i>(in thousands of Canadian dollars)</i>	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>Six months ended June 30, 2009</i>					
Revenue	\$ 441,560	\$ 274,580	\$ 110,483	\$ 127,765	\$ 954,388
EBITDA	24,612	26,973	8,467	10,264	70,316
EBITDA %	5.6%	9.8%	7.7%	8.0%	7.4%
Amortization on property, plant and equipment, and intangible assets	12,203	4,050	10,045	2,358	28,656
Capital expenditures	5,755	3,460	3,582	2,771	15,568
<i>Six months ended June 30, 2008 (restated)</i>					
Revenue	\$ 548,780	\$ 221,489	\$ 136,998	\$ 140,030	\$ 1,047,297
EBITDA	47,388	18,367	9,096	9,926	84,777
EBITDA %	8.6%	8.3%	6.6%	7.1%	8.1%
Amortization on property, plant and equipment, and intangible assets	16,987	5,093	11,947	581	34,608
Capital expenditures	6,079	1,888	4,334	3,364	15,665
<i>(in thousands of Canadian dollars)</i>					
	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>As at June 30, 2009</i>					
Total assets	\$ 377,138	\$ 254,089	\$ 216,112	\$ 94,323	\$ 941,662
<i>As at December 31, 2008 (restated)</i>					
Total assets	\$ 514,290	\$ 275,217	\$ 251,743	\$ 47,620	\$ 1,088,870

Selected financial information for each reportable business segment for the second quarter is as follows:

<i>(in thousands of Canadian dollars, for the three months ended June 30)</i>	2009		2008	
Revenue by operating segment				
Production Services	\$ 186,600	44%	\$ 258,950	49%
Facility Infrastructure	131,270	31%	120,438	22%
Oilfield Services	40,244	9%	50,882	10%
Maintenance Services	66,124	16%	101,443	19%
Total	\$ 424,238	100%	\$ 531,713	100%
EBITDA by operating segment				
Production Services	\$ 5,063	22%	\$ 18,175	58%
Facility Infrastructure	14,217	60%	10,339	33%
Oilfield Services	(133)	(1%)	(4,525)	(14%)
Maintenance Services	4,357	19%	7,109	23%
Total	\$ 23,504	100%	\$ 31,098	100%

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Production Services

The Production Services segment provides pipeline work, day-to-day field facility installation and maintenance services, as well as electrical, instrumentation, mechanical, safety, plant shutdown, turnaround services and tubular management and manufacturing.

Selected financial information for each geographic location in this segment is as follows:

(in thousands of Canadian dollars)	For the three months ended June 30, 2009		For the three months ended June 30, 2008	
Revenue by geographic location				
Canada	\$	110,865	\$	129,015
United States		75,735		129,935
Total	\$	186,600	\$	258,950
EBITDA by geographic location				
Canada	\$	5,786	\$	5,745
United States		(723)		12,430
Total	\$	5,063	\$	18,175

Revenue

Revenue from the Production Services segment decreased 28.0% to \$186.6 million for the three months ended June 30, 2009 from \$259.0 million in 2008. For the six months ending June 30, 2009, revenue decreased 19.5% to \$441.6 million from \$548.8 million in 2008. In Canada, revenues decreased \$18.1 million (14.1%) from the prior year's quarter to \$110.9 million, as a result of lower pipeline construction and field service activities in the second quarter of 2009. In the United States, revenues decreased 41.7% to \$75.7 million from \$129.9 million in the comparative quarter as a result of reduced activity levels in all markets. The decrease in revenue was partially offset by a weaker Canadian dollar versus American dollar resulting in higher revenues upon translation into Canadian dollars in 2009 compared to 2008. The Company anticipates revenue to decline in this segment in the 2009 fiscal year in correlation with industry activity.

EBITDA

Production Services' EBITDA decreased to \$5.1 million (72.0%) for the three months ended June 30, 2009 compared to \$18.2 million in 2008. In Canada, EBITDA increased by \$0.1 million from the prior year's quarter, and EBITDA margins as a percentage of revenue increased by 5.2% from 4.5% for the quarter. The Canadian operations were able to maintain margins while controlling fixed costs. In the United States, EBITDA was a loss of \$0.7 million, a decrease of \$13.1 million from earnings of \$12.4 million in the comparative quarter. Competitive pressures and customer's cost cutting needs continue to put downward pressure on gross margins and reduced activity levels are affecting the company's ability to cover fixed costs.

Facility Infrastructure

The Facility Infrastructure segment provides major facility project development services to the energy and natural resources sector, providing a full-cycle approach to all phases of project development from concept and design to fabrication and installation.

Revenue

Facility Infrastructure revenue increased 9.1% to \$131.3 million for the three months ended June 30, 2009 from \$120.4 million in the second quarter of 2008, and for the six months ended June 30, 2009 revenue increased 24.0%

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to \$274.6 million from \$221.5 million in 2008. The primary increase in revenue was due to continued work in the quarter on the Shell Albian Sands, Suncor Energy Firebag and Statoil projects.

EBITDA

Facility Infrastructure's EBITDA increased by 37.9% to \$14.2 million for the three months ended June 30, 2009 from \$10.3 million for the comparative quarter. For the six months ending June 30, 2009 EBITDA increased by 46.7% to \$27.0 million from \$18.4 million. EBITDA as a percentage of revenue increased to 10.8% compared to 8.6% in the comparative quarter, and increased to 9.8% from 8.3% year to date versus prior, as a result of the change in mix of contracts compared to the prior periods.

Oilfield Services

The Oilfield Services segment includes activities focused on specialized hauling such as drilling rig moving, pressure and vacuum, heavy hauling, service rig moving and light hauling.

Revenue

During the three months ended June 30, 2009, revenue was \$40.2 million, a decrease of 21.0% from \$50.9 million in the comparative quarter. For the six months ended June 30, 2009 revenue decreased to \$110.5 million or 19.3% from \$137.0 million in the prior year. A decrease in hauling and rig moving activities resulting in an increased competitive environment along with an early spring breakup, contributed to the reduction in revenue. The focus has been to maintain market share while competition is increasing from smaller haulers.

EBITDA

Oilfield Services' EBITDA for three months ended June 30, 2009 improved by \$4.4 million to a loss of \$0.1 million. The improvement in EBITDA was a direct result of improved fleet utilization and cost control initiatives, as activity levels declined and the competitive environment increased. For the six months ended June 30, 2009 EBITDA was \$8.5 million compared to \$9.1 million as a result of lower revenues compared to the prior period. However, EBITDA as a percentage of revenue improved to 7.7% from 6.6%.

Maintenance Services

The Maintenance Services segment provides delivery of asset management services for all routine plant maintenance and turnaround services for oil sands production facilities in Alberta, as well as oil refineries and related chemical, energy, electrical and processing plants. This work is performed through a 50% owned joint venture company, FT Services. Also included in this business segment is the proportional share of three other joint venture companies: Mackenzie Valley Construction, with a base operation in Inuvik, Northwest Territories; SRP North Ventures, with a base operation in Norman Wells, Northwest Territories; and Mackenzie Aboriginal Corporation. These joint venture companies provide a variety of services including maintenance and logistical services.

Revenue

Revenue for the three months ended June 30, 2009 decreased to \$66.1 million from \$101.4 million for the comparative quarter, and for the six months ended June 30, 2009 revenues decreased to \$127.8 million from \$140.0 million. The primary reason for the decrease in revenue was the work on a major turnaround performed for Suncor Energy in the second quarter of 2008 generated increased revenue in that period. Maintenance agreement work performed by FT Services for Suncor Energy and for Canadian Natural Resources Limited, continued in the quarter.

EBITDA

Maintenance Services' EBITDA decreased to \$4.4 million for the three months ended June 30, 2009 from \$7.1 million, while EBITDA for the six months ended June 30, 2009 increased to \$10.3 million from \$9.9 million. EBITDA

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as a percentage of revenue decreased in the second quarter to 6.6%, down from 7.0%, and for the six months ended June 30, 2009 EBITDA as a percentage of revenue was 8.0%, up from 7.1% in the prior period. The decrease in revenue in this segment was offset by the increase in EBITDA margins, which resulted from recognizing additional revenues achieved through performance incentives for 2008.

Consolidated Financial Position

The following tab summarizes key consolidated financial position data:

As at	June 30, 2009	December 31, 2008	Increase (Decrease)	% Change
Current assets	\$ 505.0	\$ 633.5	\$ (128.5)	(20.3%)
Current liabilities	169.2	320.4	(151.2)	(47.2%)
Net working capital	335.8	313.1	22.7	7.3%
Current	18.2	60.3	(42.1)	(69.8%)
Non-current	240.2	250.1	(9.9)	(4.0%)
Long-term debt	258.4	310.4	(52.0)	(16.8%)
Total assets	941.7	1,088.9	(147.2)	(13.5%)
Total liabilities	444.5	606.7	(162.2)	(26.7%)
Days sales outstanding (DSO)	83	79	4	4.5%

Highlights

As at June 30, 2009, the Company's working capital was \$335.8 million compared to \$313.1 million at December 31, 2008. This increase of \$22.7 million or 7.3% is primarily attributed to a reduction in accounts payable, offset by reductions in accounts receivable and revenue in excess, in addition to generating sufficient cash flow to repay in full the revolving operating loan, compared to \$40.9 million outstanding as at December 31, 2008.

During the quarter, the Company continued to improve the effectiveness and timeliness of billings and collections, which has resulted in significant financial position improvements. Revenue in excess of billings for the six months ended June 30, 2009 was \$77.0 million, a decrease of \$92.7 million or 54.6% from \$169.7 million at the end of 2008. Accounts receivable was reduced by \$86.2 million or 24.5% to \$265.0 from \$351.2 million at the end of 2008. The aging of accounts receivable as at June 30, 2009 increased, with 17.9% of trade receivables outstanding greater than 60 days, up from 14.4% at the end of fiscal 2008.

Days Sales Outstanding ("DSO") at June 30, 2009 was 83 days compared to 79 days at December 31, 2008. DSO fluctuates throughout the year due to the timing of client milestone billings and pre-payments from our clients. However, improving cash generating ability is a priority, given uncertainties in the current economic climate.

Liquidity and Capital Resources

At June 30, 2009, the Company had \$66.3 million in cash and cash equivalents. The Company's principal sources of capital are cash flows from operations and borrowing under its senior credit facility. The Company's principal uses of cash are for the financing of working capital and capital expenditures.

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Selected cash flow and capitalization data is as follows:

<i>As at and for the three months ended</i>	June 30, 2009	December 31, 2008	June 30, 2008
Funds provided by operations before changes in non-cash working capital	\$ 15.0	\$ 43.3	\$ 32.2
Cash provided by operations	137.0	74.1	33.2
Cash flow to interest bearing debt (annualized)	46.6%	46.3%	37.2%
Long-term debt (including current portion)	258.4	310.4	407.0
Debt to total capitalization	34.2%	39.2%	32.0%

Cash Flow and Liquidity

Cash provided by operating activities for the three months ended June 30, 2009 was \$137.0 million compared to \$33.2 million for the three months ended June 30, 2008. The increase in cash provided by operating activities was the result of fluctuations in non-cash balances related to operations during the quarter.

Cash flows used in investing activities for the three months ended June 30, 2009 increased to \$6.2 million compared to \$6.0 million for the prior period. The increase of \$0.2 million (3.3%) over the comparative period, was due to increased net capital expenditures. During the three months ended June 30, 2009, the Company incurred capital expenditures of \$11.5 million, compared to \$10.8 million in the comparative period. This includes \$3.3 million of capital costs related to converting portions of Oilfield Services and Canadian and United States Production Services onto the Company's ERP, JD Edwards. Proceeds on disposal of property, plant, and equipment were \$5.3 million for the three months ended June 30, 2009, compared to \$4.7 million in the comparative period. Excluding ERP costs, the reduction of capital expenditures over the prior six month period was part of the Company's efforts to improve the utilization of capital equipment. Under-utilized equipment was identified for sale or internally transferred, which reduced the need to incur additional capital expenditures.

Cash flows used in financing activities for the three months ended June 30, 2009 were \$69.7 million compared to cash flows used in financing activities of \$25.5 million for June 30, 2008. Included in financing activities is \$4.3 million of expenditures relating to shares repurchased under the Normal Course Issuer Bid. In addition, the Company had net repayments of \$65.4 million in the three months ended June 30, 2009, compared to net repayments of \$26.9 million for the three months ended June 30, 2008.

The Company uses cash flow to interest bearing debt and debt to total capitalization as key indicators of the Company's leverage, and to monitor the strength of its balance sheet. Cash flow to interest bearing debt improved to 46.6%, up from 37.2% at June 30, 2008. Significant reductions in the Company's long-term debt balance over the prior period resulted in the improvement in this ratio. Debt to total capitalization ratio decreased slightly to 34.2% at the end of the quarter from 39.2% at December 31, 2008.

The Company is closely monitoring its cash generating ability and has focused efforts upon improving billing and collection processes, in addition to reducing long-term debt.

Capital Requirements and Capitalization

At June 30, 2009, the Company had obligations to repay \$74.7 million within one year, which includes \$56.0 million of operating lease payments for vehicles, office equipment, premises and construction equipment. The Company has total operating lease obligations of \$161.8 million compared to \$172.6 million in the last quarter. The Company anticipates capital expenditures in 2009 to be below that in fiscal 2008 due to the anticipated lower activity levels in certain segments. Capital expenditures are necessary to replace construction equipment, and heavy trucks and vehicles as they near the end of their useful lives, and when it becomes less economical to continue operating the units due to increasing maintenance costs. Although these capital expenditures may be necessary to achieve operating efficiencies, the Company has no obligation to incur them.

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Debt Repayment Obligations

The following table presents the Company's future payment obligations:

Maturity	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Long-term debt	\$ 18.7	\$ 166.7	\$ 73.6	\$ -	259.0
Operating leases	56.0	74.9	30.9	-	161.8
Total contractual obligations	\$ 74.7	\$ 241.6	\$ 104.5	\$ -	420.8

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at June 30, 2009, 45,500,214 common shares were outstanding as compared to 46,188,514 as at December 31, 2008. No preferred shares were outstanding during or at the end of either of these periods. Certain employees, officers and directors of the Company have been granted options to purchase common shares under the Company's incentive stock option plan. There were 3,004,044 options outstanding as at June 30, 2009.

For the six months ended June 30, 2009, 688,300 common shares were purchased pursuant to the Company's Normal Course Issuer Bid at an average cost of \$7.94 per share (inclusive of brokerage fees) for a total expenditure of \$5.5 million.

Changes in Accounting Policies

The Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 on January 1, 2009.

Section 3064, Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development". The new pronouncements establish standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the previous Section 3062. The Company has applied this new accounting standard retrospectively and has concluded that this standard has no affect on the Company's financial position, results of its operations, or its cash flows.

Future Accounting Pronouncements

The following are recent accounting pronouncements issued but not yet adopted by the Company:

Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian Generally Accepted Accounting Principles ("GAAP"), as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

The Company commenced its IFRS conversion project during the second quarter of 2008. The project consists of three phases:

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Phase	Description	Status
Phase 1 – Assessment	<p>The technical evaluation of significant differences between Canadian GAAP and IFRS as is relevant to the Company.</p> <p>In January 2009, the International Accounting Standards Board ("IASB") released its work plan and projected timetable for new standards and amendments on various topics including consolidations, financial instruments, income taxes, liabilities, revenue recognition and IFRS 1.</p>	<p>The Company completed a high level assessment of the major differences between Canadian GAAP and IFRS during the third and fourth quarters of fiscal 2008.</p> <p>This phase resulted in the development of a detailed plan under which the design activities are being implemented. The development plan includes an implementation timetable which identifies the key activities that will occur over the next two years leading up to the changeover.</p> <p>The IASB has activities that are currently underway which may change the current interpretation of and effects on the standards as it relates to the Company. As a result, the Company will continue to monitor and assess these changes as they arise during the design phase.</p>
Phase 2 – Design	<p>The identification, evaluation, and selection of accounting policies necessary for the Company to change over to IFRS.</p> <p>In addition, this phase includes an assessment and selection of the operational elements necessary to change over to IFRS such as training, information technology, internal controls over financial reporting, and other business activities that may be influenced by GAAP measures such as debt covenants, hedging, sales practices, and compensation arrangements.</p>	<p>The Company is currently in the process of evaluating and selecting accounting policies necessary for the Company to changeover to IFRS, however, at this current stage, the Company cannot reasonably determine the impact that adopting IFRS will have on its financial position and future results.</p> <p>The evaluation of required changes to information technology, internal controls over financial reporting, and business activities are at an advanced stage and it is anticipated that the evaluation process and concurrently the development of appropriate solutions will be complete by the third quarter of 2009.</p> <p>Comprehensive training targeted at staff within the Company's areas most affected by the conversion to IFRS has begun. These training sessions are regular and on going through December 2009.</p>
Phase 3 – Implementation	<p>The integration of financial and operational processes necessary to change over to IFRS.</p>	<p>Certain aspects of this phase have been established and the Company will continue to monitor ongoing changes to IFRS and adjust its implementation plans accordingly.</p>

The IFRS steering committee, made up of senior management representing, accounting, information technology, treasury, human resources, and operations, provides guidance and leadership to the conversion project. Management updates the Audit Committee at least quarterly on the status of the project.

Section 1582, Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations" replaced the existing standard. This section establishes the standards for the accounting of business combinations and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date, and that non-controlling interests will be measured at fair value at the date of acquisition. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011, and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

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Section 1601, Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, replaced the existing standard. This section carries forward existing Canadian guidance for preparing consolidated financial statements other than non-controlling interests. The section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard for our consolidated financial statements.

Section 1602, Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, Non-Controlling Interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. The section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard for its consolidated financial statements.

Section 3855, Financial Instruments – Recognition and Measurement

In June 2009, the CICA amended Handbook Section 3855, "Financial Instruments - Recognition and Measurement", to clarify the application of the effective interest method after a debt instrument has been impaired. The Section has also been amended to clarify when an embedded prepayment option is separated from its host instrument for accounting purposes. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after May 1, 2009 for the amendments relating to the effective interest method and January 1, 2011 for the amendment relating to embedded prepayment options. The Company is currently evaluating the impact of the amendments.

Section 3862, Financial Instruments – Disclosure

In June 2009, the CICA amended Handbook Section 3862, "Financial Instruments - Disclosures", to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. The amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. The Company is currently evaluating the impact of the amendment to the standard.

Use of Accounting Estimates

In preparing the consolidated financial statements, various accounting estimates are made in applying the Company's accounting policies. These estimates require significant judgment on the part of management and are considered critical as they are important to the Company's financial condition and results. The following represents the estimates that management considers most critical to the application of the Company's significant accounting policies.

Revenue and Cost Recognition

The Company's Production Services and Facility Infrastructure operating segments perform all of their projects under the following types of contracts: time-and-materials; cost-plus-fixed-fee; unit-price; and fixed price or lump sum. For these contract types, revenue is recognized using the percentage-of-completion method, measured by the ratio of costs incurred and units produced to date, relative to total estimated costs and units to be produced. The resulting percent complete methodology is applied to the approved contract value to determine the revenue recognized. The estimated total cost of the contract and percent complete is determined based upon estimates made by management. The cost of items that do not relate to performance of contracted work, particularly in the early stages of the contract, are excluded from costs incurred to date.

Contract costs include all direct materials, equipment, and labour costs, and those indirect costs related to contract performance such as indirect labour, supplies, and tools. General and administrative costs are charged to expenses

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as incurred. Changes in project performance, project conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income that are recognized in the period in which such adjustments are determined. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are identified.

Costs related to change orders and claims are recognized when they are incurred. Revenues related to change orders are included in total estimated contract revenue when they are approved. Once a project is underway, the Company may experience changes in conditions, client requirements, specifications, designs, materials, and work schedules. In these circumstances, a change order is generally negotiated with the customer to modify the terms of the original contract to approve both the scope and price of the change.

When a change order is unapproved in both scope and price or becomes a point of dispute between the Company and a customer, the Company will then consider it as a claim. Claims are included in total estimated contract revenue only to the extent that contract costs related to the claim have been incurred, and when it is probable that the claim will result in a bona fide addition to contract value and revenues can be reliably estimated. This can lead to a situation where costs are recognized in one period and revenue is recognized when customer agreement is obtained or claim resolution occurs, which can be in subsequent periods.

Within the Facility Infrastructure operating segment, the length of the contracts varies from one year to several years, whereas within the Production Services operating segment, the length of the contracts are typically less than one year. The Company's long-term contracts typically allow its customers to unilaterally reduce, delay or eliminate the scope of the work as contracted without cause. As a result, these long-term contracts represent higher risk due to uncertainty of total contract value and estimated costs to complete potentially impacting revenue recognition in future periods.

Revenue in excess of billings represents costs incurred and revenues earned in excess of amounts billed on uncompleted contracts. Billings in excess of revenue represents amounts invoiced in excess of revenue recognized.

Oilfield Services, Maintenance Services and Production Services (specifically Tubular Management and Manufacturing) operating segments recognize revenue as follows:

- (i) Revenue from oilfield services is provided based upon orders and contracts with the customer that include fixed or determinable prices based upon daily, hourly or job rates and are recognized when the service is performed;
- (ii) Revenue from inspections, threading, refurbishment and bucking of drill and line pipe is recognized as the services are provided;
- (iii) Revenue from manufacturing and product sales are recognized when the product is shipped to the customer; and
- (iv) Revenue from maintenance services is recognized when the service is completed in accordance with the terms of the maintenance contract, unless the contract is long-term or where service activity within a year is expected to vary significantly year to year in which case revenue is recognized as the services are recognized.

Amortization of Property, Plant and Equipment

The Company's Production Services and Oilfield Services operating segments require a significant investment in construction and hauling equipment. In accordance with the Company's accounting policy related to the amortization of property, plant, and equipment, the cost of construction and hauling equipment is amortized over its estimated useful life.

Judgment is involved in determining the useful life of the equipment, the estimated residual value and the appropriate method of amortization. Factors considered in estimating the useful life of an item of construction or hauling equipment include expected future usage, effects of technological or commercial obsolescence, expected wear and tear from use or the passage of time, the effectiveness of the Company's maintenance program and historical information of similar items retired. The same factors are considered in estimating the residual value of an item of

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construction or hauling equipment. The accuracy in estimating the residual value of an item of construction or hauling equipment becomes increasingly more difficult the further the estimated useful life extends into the future.

The Company's investment in construction and hauling equipment results in amortization expense being a significant operating cost to the Company, and any misjudgment in estimating the useful life or the residual value of the equipment could result in a misstatement of consolidated amortization expense.

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based upon the customer's past payment history and financial condition, taking into consideration anticipated changes in industry and economic conditions. Customer payments are regularly monitored and estimates of the allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each reporting date, taking into consideration the following factors: the length of time the receivable has been outstanding; specific knowledge of each customer's financial condition; and historical experience. The Company's experience with respect to the incurrence of bad debt losses have been within expectations and have generally been limited to a select number of specific customer situations. Given the cyclical nature of the North American oil and natural gas services industry and the risk associated with finding and producing hydrocarbons, a customer's ability to fulfill its obligations can change without notice.

Business Risks

The Company's results are affected by a number of external factors, including commodity prices, which drive producer capital spending levels and the demand for Flint's project related services, foreign currency, interest rates, operational, credit and safety risks.

Producer Capital Spending Levels

The Company's business is directly affected by fluctuations in the levels of exploration, oil sands development and production activity carried on by its customers, which in turn is dictated by numerous factors, including world energy prices and government policies. Projected commodity prices drive oil and natural gas producer capital expenditures, including drilling and production and exploration activity, which in turn impacts the Company's activity levels. Producer capital spending levels have a relatively significant impact on the results of the Company's Facility Infrastructure and Oilfield Services operating segments, compared to the Production Services operating segment and Maintenance Services operating segment, as the latter performs services more related to the ongoing operation and maintenance of producers' physical plants and production. As it is difficult for the Company to effectively manage the fluctuations in activity levels resulting from the peaks and troughs in producer spending related to large capital projects, the Company strives to operate its operating segments in such a manner so as to maximize their scalability relative to activity levels. A significant, prolonged decline in commodity prices could have a material adverse effect on the Company's results of operations and financial condition.

Foreign Currency

The Company minimizes its exposure to unrealized translation gains and losses on United States denominated monetary items related to the translation of its net United States investment, by financing the investment with United States dollar denominated debt. The Company may enter into derivative contracts to manage the exposure to foreign currency related to contracted purchases. The Company does not manage the exposure to fluctuations in the United States to Canadian exchange rate related to translating the results of its United States operations.

Interest Rates

In order to minimize the Company's exposure to fluctuating interest rates, the Company has structured its senior credit facility such that a significant amount of its long-term debt has fixed interest rates and by using interest rate swaps to fix the interest rate on a portion of the debt for longer periods.

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Operational Risk and Insurance

The Company's operations are subject to risks inherent in the oil and gas industry such as equipment defects, malfunctions, failures and natural disasters. These risks could expose the Company to substantial liability for personal injury, loss of life, business interruptions, property damages or destruction, pollution and other environmental damages. In addition, the Company's operations are subject to risks normally inherent in the transportation industry, including potential liability, which could result from, among other things, personal injury, loss of life or property damages arising from motor vehicle accidents. The Company minimizes its exposure to operational risk through comprehensive vehicle and equipment maintenance programs designed to prevent failure and maximize the useful life of the related assets. In addition, the Company follows a complete quality assurance and control program designed to maximize performance in its work and minimize deficiencies potentially leading to failures and remedial re-work.

The Company maintains insurance against certain of the risks to which it is exposed. However, such insurance is subject to coverage limits and no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition, could be materially adversely affected.

Safety Risk

Safety risks are managed through the application of safety policies and procedures conducive to promoting safe work practices to a standard either complying with or exceeding government regulations and industry requirements. The Company maintains a behaviour-based safety program, which uses positive reinforcement to change unsafe behaviours of its employees and contractors.

Labour Supply Risk

The Company requires a large number of trades personnel to conduct its operations. Recruiting and training these individuals is critical to the Company's ability to continue to meet customer requirements and generate increasing levels of revenue. As there is a very high demand for many of these skilled positions, the Company devotes significant resources and planning to the recruiting, retaining and training of people in order to secure the required level of staffing and skills necessary to support anticipated levels of work.

Credit Risk and Reliance on Major Customers

The risk of losses from customer non-payment is minimized through the Company's credit granting policies and other procedures designed to limit the exposure to credit risk. As a result of such practices, the Company's bad debt expense has historically been minimal. Substantial portions of the Company's accounts receivable are with customers involved in the oil and gas industry whose revenues may be impacted by fluctuations in commodity prices. Management currently considers the risk of a significant loss to be remote. The Company's top ten customers are all well-known, publicly traded companies. The top ten customers of the Company accounted for approximately 49.1% of the Company's revenue for the year ended December 31, 2008, and the largest customer accounted for approximately 13.3% of such revenue. There can be no assurance that the Company's current customers will continue their relationships with the Company. The loss of one or more major customers, or any significant decrease in services provided to a customer, prices paid, or any other changes to the terms of service with customers, could have a material adverse effect on the profitability of the Company.

Fuel Prices

Fuel is one of the Company's major costs and as such, higher fuel prices could materially affect the Company's results. The Company manages this exposure to rising fuel costs through fuel surcharges to customers.

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Legislation and Regulation

Income tax, environmental and other applicable legislation may be changed in a manner which adversely affects the Company.

Transportation regulations governing the Oilfield Services segment require licensing from or registration with, provincial and territorial authorities in order to carry goods extra-provincially or to transport goods within any province or territory. Changes in regulations applicable to the Company could increase operating costs and have a material adverse effect on the Company's operations and financial condition.

The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and regulations. Although the Company is committed to compliance and safety, there is no assurance that the Company will be in full compliance at all times with such policies, guidelines and regulations. Consequently, at some future time, the Company could be required to incur significant costs to maintain or improve its compliance record.

Environmental Liability Risks

Certain operating segments within the Company routinely deal with natural gas, oil and other petroleum products. The Company has programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. There can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. Although the Company is not aware of any contamination which, if remediation or clean up were required, would have a material adverse effect on the Company, there can be no assurance that the Company will not be required at some future date, to incur significant costs to comply with current or future environmental laws.

Weather and Seasonality

Weather conditions can restrict or impede the Company's ability to deliver its services. Municipalities and provincial transportation departments enforce road bans during certain times of the year which restrict the movement of the Company's own equipment and those of the customer, thereby reducing the Company's activity levels during these periods. Additionally, certain oil and gas producing areas are only accessible in the winter months due to ground conditions. Seasonal factors and unexpected weather patterns may lead to declines in activity levels of exploration and production companies and corresponding declines in the demand for the goods and services of the Company. The Company's operations are geographically dispersed throughout the major oil and gas producing areas in North America and therefore the risk associated with seasonal and inclement weather is somewhat mitigated.

Internal Controls over Disclosure and Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being made known to the appropriate individuals. In addition, the CEO and CFO are responsible to design internal controls over financial reporting or cause them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Disclosure Controls and Procedures

An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of June 30, 2009, by and under the supervision of the Company's management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that as a result of the material weaknesses in the Company's internal control over financial reporting, the disclosure controls and procedures were not effective as at June 30, 2009.

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Internal Controls over Financial Reporting

The Company's management, including the CEO and the CFO, has evaluated the design of the Company's internal control over financial reporting ("ICFR") using the framework and criteria established in the Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that the Company's ICFR as of June 30, 2009 were ineffective as a result of the following material weakness:

- Management has determined that its information systems are subject to general control deficiencies. Although management believes these have not resulted in a misstatement of consolidated financial results, when aggregated, these deficiencies represent a material weakness in the Company's control environment. Specifically these deficiencies are as follows:
 - Change management procedures and access controls are not well defined and implemented.
 - The Oilfield Services and Production Services (specifically Tubular Management and Manufacturing) segments have not yet transitioned to the company's ERP application, JD Edwards. The absence of access and other general controls exist in these operating segments.

Notwithstanding the above mentioned weaknesses, management has concluded that the consolidated financial statements fairly present the Company's consolidated financial position and consolidated results of operations as of and for the three months ended June 30, 2009.

Changes in Internal Controls over Financial Reporting

As part of its remediation plan to address the material weakness identified above, the Company continues to standardize processes and controls as it implements its Enterprise Resource Planning Systems (JD Edwards). In addition several new controls have been designed and implemented and will be tested for operational effectiveness in the second half of 2009.

Other than the continuing impact of the corrective actions discussed above, there were no changes in the Company's ICFR in the second quarter of 2009 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations on the Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management does not expect that the Company's disclosure controls and procedures and ICFR will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance for both prevention and detection of errors or fraud. The inherent limitations include: judgments in decision-making can be faulty; breakdowns can occur because of simple errors or mistakes; controls can be circumvented by individual acts or collusion; and management override of controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Outlook

Commodity prices, industry cash flows, and capital spending plans of exploration and production companies are key drivers of Flint's activity levels in North America.

In the second quarter of 2009, crude oil prices increased from an average of US\$42.81 per barrel (first quarter of 2009) to US\$59.55 per barrel. However, market conditions for global crude oil continue to be negatively impacted by an inventory build and weak demand.

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Weaker drilling activity levels in both Canada and the United States are predicted for the balance of 2009 due to above average supply and declining natural gas prices.

Oil sands capital spending is projected at \$11 billion for 2009 compared to \$19 billion in 2008. While 2010 oil sands spending estimates are not yet known, Imperial Oil's Kearl Lake project, with a capital budget of \$8 billion, was approved during the second quarter, and Suncor, which delayed work on its oil sands expansion projects in January, has stated that it will announce its new post-merger capital budget later in the second half of 2009. Other oil sands producers continue to evaluate project plans and are engaging Flint in preliminary constructability studies.

With approximately half of its activities levered to natural gas, Flint expects reduced drilling activity to weigh on revenues from the Production Services segment in both Canada and the United States and the rig moving portion of the Oilfield Services segment. Revenues from Flint's Facility Infrastructure and Maintenance Services segments, as well as fluid hauling operations, which are levered to crude oil, will somewhat offset the effects on operations levered to natural gas activities.

Flint's strategy of "Build-it then Maintain it", coupled with its diverse range of services offered throughout the energy production life-cycle, continues to shelter Flint from the worst of the current economic downturn.

Management's focus for the balance of 2009 is managing costs, improving Flint's internal business processes, consolidating operations, and optimizing asset utilization.

With the renewal of Flint's revolving credit facilities for a three year term and the reduction of Flint's revolving debt, management believes Flint is positioned to weather the current economic downturn and take advantage of opportunities which may arise.

Additional Information

Additional information related to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, including a copy of the latest Annual Information Form of the Company.

August 6, 2009

CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

(unaudited)

As at	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash	\$ 66,332	\$ 1,408
Accounts receivable	264,973	351,245
Revenue in excess of billings	77,029	169,702
Inventories	63,061	71,993
Prepaid expenses and deposits	11,071	11,955
Future income tax assets	8,924	13,225
Income taxes receivable	13,583	13,962
	504,973	633,490
Property, plant and equipment	409,928	433,114
Other long-term assets	1,186	2,318
Future income tax assets	25,575	19,948
	\$ 941,662	\$ 1,088,870
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 130,401	\$ 230,789
Billings in excess of revenue	14,225	7,593
Income taxes payable	5,985	9,677
Future income tax liabilities	358	12,108
Current portion of long-term debt	18,168	60,267
	169,137	320,434
Long-term debt	240,185	250,164
Future income tax liabilities	35,183	36,118
	444,505	606,716
Shareholders' equity:		
Accumulated other comprehensive loss	(4,666)	(1,073)
Deficit	(72,864)	(95,164)
	(77,530)	(96,237)
Capital stock (Note 3)	553,010	561,376
Contributed surplus	21,677	17,015
	497,157	482,154
	\$ 941,662	\$ 1,088,870

Commitments and Contingencies (Note 5)

Subsequent Event (Note 7)

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(in thousands of Canadian dollars, except share data)</i> <i>(unaudited)</i>	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Revenue	\$ 424,238	\$ 531,713	\$ 954,388	\$ 1,047,297
Direct costs	369,124	459,823	810,598	883,589
	55,114	71,890	143,790	163,708
General and administrative expenses	31,946	40,792	74,226	78,931
Amortization on property, plant and equipment	13,865	14,585	27,904	30,144
Amortization on intangible assets	-	2,226	-	4,464
Stock based compensation expense	790	1,210	1,761	2,370
Earnings before other expense (income) and income taxes	8,513	13,077	39,899	47,799
Other expense (income):				
Interest expense	3,637	1,447	8,963	7,905
Interest income	(31)	-	(117)	(558)
Earnings before income taxes	4,907	11,630	31,053	40,452
Income taxes:				
Current	4,028	1,352	22,474	19,243
Future (reduction)	(2,873)	(1,533)	(13,721)	(9,045)
	1,155	(181)	8,753	10,198
Net earnings	\$ 3,752	\$ 11,811	\$ 22,300	\$ 30,254
Earnings per share:				
Basic	\$ 0.08	\$ 0.25	\$ 0.49	\$ 0.63
Diluted	\$ 0.08	\$ 0.25	\$ 0.48	\$ 0.63
Weighted average common shares:				
Basic	45,926,045	47,855,195	45,949,369	47,752,545
Diluted	46,305,637	48,172,435	46,129,554	48,007,175

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) EARNINGS

<i>(in thousands of Canadian dollars)</i> <i>(unaudited)</i>	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net earnings	\$ 3,752	\$ 11,811	\$ 22,300	\$ 30,254
Other comprehensive (loss) gain, net of income taxes:				
Unrealized (loss) gain on foreign currency translation of self-sustaining foreign operations	(6,329)	(1,115)	(3,593)	1,651
Other comprehensive (loss) earnings	(6,329)	(1,115)	(3,593)	1,651
Comprehensive (loss) earnings	\$ (2,577)	\$ 10,696	\$ 18,707	\$ 31,905

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>(in thousands of Canadian dollars)</i> <i>(unaudited)</i>	Accumulated Other Comprehensive (Loss) Gain	Capital Stock	Contributed Surplus	Retained Earnings (Deficit)	Total
Balance, December 31, 2007	(26,325)	576,304	9,359	264,965	824,303
Net earnings	-	-	-	30,254	30,254
Exercised employee stock options	-	4,293	-	-	4,293
Transfer for stock options exercised	-	1,891	(1,640)	-	251
Stock based compensation expense	-	-	2,370	-	2,370
Unrealized gain on foreign currency translation of self-sustaining foreign operations	1,651	-	-	-	1,651
Balance, June 30, 2008	\$ (24,674)	\$ 582,488	\$ 10,089	\$ 295,219	\$ 863,122
Balance, December 31, 2008	\$ (1,073)	\$ 561,376	\$ 17,015	\$ (95,164)	\$ 482,154
Net earnings	-	-	-	22,300	22,300
Stock based compensation expense	-	-	1,761	-	1,761
Purchases under normal course issuer bid (Note 3)	-	(8,366)	2,901	-	(5,465)
Unrealized loss on foreign currency translation of self-sustaining foreign operations	(3,593)	-	-	-	(3,593)
Balance, June 30, 2009	\$ (4,666)	\$ 553,010	\$ 21,677	\$ (72,864)	\$ 497,157

See accompanying notes to the unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars)</i>	Three months ended June 30		Six months ended June 30	
<i>(unaudited)</i>	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Net earnings	\$ 3,752	\$ 11,811	\$ 22,300	\$ 30,254
Items not affecting cash:				
Amortization on property, plant and equipment, and intangible assets	14,201	16,811	28,656	34,608
Amortization on finance charges	379	171	643	348
(Gain) loss on disposal of property, plant and equipment	(467)	383	(400)	(60)
Stock based compensation expense	790	1,210	1,761	2,370
Unrealized foreign exchange (gain) loss on long-term debt	(786)	3,322	(440)	3,736
Future income taxes (reduction)	(2,873)	(1,533)	(13,721)	(9,045)
	14,996	32,175	38,799	62,211
Changes in non-cash balances relating to operations	122,020	1,057	90,963	(107,215)
Net cash provided by (used in) operating activities	137,016	33,232	129,762	(45,004)
Investing activities:				
Purchase of property, plant and equipment	(11,530)	(10,762)	(15,568)	(17,229)
Proceeds from disposal of property, plant and equipment	5,300	4,722	6,470	6,489
Net cash used in investing activities	(6,230)	(6,040)	(9,098)	(10,740)
Financing activities:				
(Decrease) increase in revolving operating loan	(52,900)	(20,000)	(40,900)	40,000
Proceeds from long-term debt	3,985	3,434	16,941	6,448
Repayments of long-term debt	(16,034)	(9,384)	(23,222)	(10,176)
Repayment of obligations under capital lease	(457)	(965)	(1,524)	(1,531)
Proceeds from issue of capital stock on exercise of options	-	1,422	-	4,293
Share repurchase via normal course issuer bid (Note 3)	(4,295)	-	(5,465)	-
Net cash (used in) provided by financing activities	(69,701)	(25,493)	(54,170)	39,034
Effect of foreign exchange rate changes on cash balances	(1,671)	126	(1,570)	150
Increase (decrease) in cash	59,414	1,825	64,924	(16,560)
Cash, beginning of period	6,918	13,933	1,408	32,318
Cash, end of period	\$ 66,332	\$ 15,758	\$ 66,332	\$ 15,758
Supplemental cash flow information:				
Net cash (paid) received during the period for:				
Interest paid	\$ (3,373)	\$ (1,659)	\$ (8,701)	\$ (7,906)
Interest received	31	-	117	558
Income taxes paid	\$ (10,300)	\$ (23,924)	\$ (25,787)	\$ (55,279)

See accompanying notes to the unaudited interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

General

Flint Energy Services Ltd. (the "Company" or "Flint") is incorporated in Canada under the Business Corporations Act (Alberta). The Company provides a full range of integrated products and services for the oil and gas industry including: midstream production services, infrastructure construction, oilfield transportation, and plant maintenance and other. The Company provides these services from over 60 centers in the oil and gas producing regions of western North America from Inuvik in the Northwest Territories to Mission, Texas. The Company's common stock is traded on the Toronto Stock Exchange under the symbol "FES".

1. Basis of Presentation

These unaudited interim consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with accounting principles generally accepted in Canada. They do not include all the disclosures as required for annual financial statements under Canadian generally accepted accounting principles. The interim consolidated financial statements include the accounts of Flint Energy Services Ltd. and all subsidiary companies, collectively the "Company". All subsidiary companies are wholly-owned and all material intercompany balances and transactions have been eliminated in consolidation. The Company proportionately consolidates its interests in joint ventures, whereby the Company's proportionate share of revenues, expenses, assets and liabilities are included in the accounts. The interim consolidated financial statements follow the same significant accounting policies as described and used in the consolidated financial statements included in the Company's most recent annual report of the Company for the year ended December 31, 2008, except as described in Note 2(a) below, and should be read in conjunction with that report.

The preparation of the interim consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results may differ materially from those estimates and assumptions.

There are factors causing quarterly variances which may not be reflective of the Company's future performance. These include, but are not limited to weather, customer capital spending, as well as drilling programs which are affected by oil and natural gas commodity prices, and seasonal behaviours in customer spending caused by activities such as plant shutdown work. As the Company has United States operations, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations in translating the revenues and expenses of its United States operations to Canadian dollars. As a result, quarterly operating results should not be relied upon as any indication of results for any future period.

2. Summary of Significant Accounting Policies and Practices

(a) Changes in Accounting Policies

(i) Goodwill and Intangible Assets

Effective January 1, 2009, the Company retrospectively adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development". The new pronouncements establish standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the previous Section 3062. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Accounting Standard IAS 38, Intangible Assets. The adoption of this standard did not have a significant impact on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

(b) Future Accounting Pronouncements

(i) Convergence with International Financial Reporting Standards

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian Generally Accepted Accounting Principles ("GAAP"), as used by public companies, being evolved and converged with International Financial Reporting Standards ("IFRS") over a transitional period to be complete by 2011. The official changeover date from Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable to the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

As of June 30, 2009, the Company has completed a high-level assessment of the major differences between Canadian GAAP and IFRS that is relevant to the Company, along with preliminary position papers on accounting policy choices. The Company continues to evaluate and select accounting policies necessary for the change over to IFRS but cannot at this time reasonably determine the impact that adopting IFRS will have on its financial position and results of operations.

The Company will continue to monitor any changes in the adoption of IFRS and will update its plan as necessary.

(ii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces the existing standard. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date and that non-controlling interests would be measured at fair value at the date of acquisition. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(iii) Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-Controlling Interests", which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(iv) Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This Section carries forward existing Canadian guidance for preparing consolidated financial statements other than non-controlling interests. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

(v) Financial Instruments – Recognition and Measurement

In June 2009, the CICA amended Handbook Section 3855, "Financial Instruments - Recognition and Measurement", to clarify the application of the effective interest method after a debt instrument has been impaired. The Section has also been amended to clarify when an embedded prepayment option is separated from its host instrument for accounting purposes. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after May 1, 2009 for the amendments relating to the effective interest method and January 1, 2011 for the amendment relating to embedded prepayment options. The Company is currently evaluating the impact of the amendments.

(vi) Financial Instruments – Disclosure

In June 2009, the CICA amended Handbook Section 3862, "Financial Instruments - Disclosures", to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. The amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. The Company is currently evaluating the impact of the amendment to the standard.

3. Capital Stock

Authorized:

Unlimited common shares

Unlimited preferred shares

Issued:	Common shares	Amount
Balance, December 31, 2008	46,188,514	\$ 561,376
Share repurchase via normal course issuer bid	(688,300)	(8,366)
Balance, June 30, 2009	45,500,214	\$ 553,010

(a) Normal Course Issuer Bid

On February 26, 2008, the Company released details of the Normal Course Issuer Bid ("NCIB") to purchase up to 2,379,689 of the Company's common shares, representing 5% of its then issued and outstanding common shares. The Normal Course Issuer Bid commenced on February 29, 2008 and terminated on February 28, 2009.

On February 26, 2009 the Company received regulatory approval to make an additional Normal Course Issuer Bid to purchase up to 2,308,725 common shares, representing 5% of the total issued and outstanding common shares. The Normal Course Issuer Bid commenced on March 3, 2009, and will terminate on March 2, 2010.

During the six months ended June 30, 2009, 688,300 common shares were repurchased pursuant to the Company's Normal Course Issuer Bids for a total expenditure of \$5,465 or \$7.94 per share. All repurchased shares have been cancelled as of June 30, 2009, resulting in the average carrying value of \$8,366 being allocated as a reduction to share capital and \$2,901 representing the consideration below stated value being charged to contributed surplus.

(b) Directors' Deferred Share Unit Plan

On March 18, 2008 the Company established a Directors' Deferred Share Unit Plan ("DSU") which became effective on May 19, 2009. Under the terms of the DSU, the portion of a director's annual remuneration to be paid through units in the DSU is set at the beginning of the Company's fiscal year (or, in the initial year of the plan) or on the date a director joins the Board in that fiscal year. The units vest on a per day basis such that the grant is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

fully vested on the last day of each fiscal year. Upon the resignation, termination, retirement or death, of a director (the "Termination Date") the vested units are settled, at the Company's option, either by the issuance of one common share per unit or by cash payment based on one common share of the Company per unit. The value of a unit in the DSU is equal to the volume weighted average trading price per common share of the Company on the Toronto Stock Exchange for the five consecutive trading days prior to the redemption date. The payment relating to the units accumulated under this plan have been included in accounts payable and accrued liabilities on the consolidated balance sheet based on the intrinsic value of the award. The change in the value of the units resulting from changes in the market price of the Company's common shares is recognized in the consolidated statement of earnings each period.

In the three and six months ended June 30, 2009, the Company recorded \$554 (three and six months ended June 30, 2008 - \$nil) in director fee compensation relating to the DSU. This compensation cost has been included in general and administrative expenses in the consolidated statement of earnings.

The outstanding Director's Deferred Share Units are as follows:

	June 30, 2009
Outstanding, beginning of period	-
Granted	105,371
Outstanding, end of period	105,371

(c) Restricted Share Unit Plan

The Company established a Restricted Share Unit Plan ("RSU") for certain officers, managers and employees of the Company effective March 10, 2009. The units under the RSU plan vest three years from the effective grant date and entitle the holder to receive a cash payment from the Company equal to the volume weighted average trading price per common share of the Company on the Toronto Stock Exchange for the five consecutive trading days prior to the vesting date. The payment relating to the units accumulated under this plan have been included in long-term debt on the consolidated balance sheet based on the intrinsic value of the award. The change in the value of the units resulting from changes in the market price of the Company's common shares is recognized in the consolidated statement of earnings each period.

In the three and six months ended June 30, 2009, the Company recorded \$396 (three and six months ended June 30, 2008 - \$nil) in compensation relating to the RSU. This compensation cost has been included in general and administrative expenses in the consolidated statement of earnings.

The outstanding Restricted Share Units are as follows:

	June 30, 2009
Outstanding, beginning of period	-
Granted	345,000
Outstanding, end of period	345,000

4. Segmented Information

The Company is operating within four reportable business segments, each of which are distinct business units that offer different products and services within the oil and natural gas industry. These reportable business segments include Production Services, Facility Infrastructure, Oilfield Services, and Maintenance Services.

During 2008, the Company operated within five reportable business segments. Effective January 1, 2009 the Company restructured its business segments as part of a process to streamline operations which resulted in a reduction of the Company's business segments from five to four. The comparative results have been restated to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

conform with the new basis of segment presentation. The restructuring of the previous reportable business segments include:

- Production Services segment, which now includes the previous Tubular Management and Manufacturing segment. This segment remains focused on midstream oil and gas field production services. These services encompass: fabrication, construction and maintenance of production facilities, mid-inch pipelines, production equipment, and mid-sized construction management with the inspection repair and refurbishing of production tubing, drill pipe, sucker rods, casing, small diameter pipelines and polyethylene pipe and liners.
- Facility Infrastructure segment, which includes its oil sands construction activities, remains unchanged and provides construction management, modular fabrication, field construction services on major construction projects primarily in Edmonton and Fort McMurray, Alberta.
- Oilfield Services segment, which now combines the Fluid Haul Services business unit previously reported in Production Services, and the previous Oilfield Transportation segment. This new segment will provide drill rig and service rig moving; module, equipment and specialty hauling; fluid handling, pressure and vacuum services, industrial and chemical cleaning; and coiled tubing and flush-by services.
- Maintenance Services segment remains unchanged, and consists of four joint ventures: FT Services, Mackenzie Valley Construction, SRP North Ventures and Mackenzie Aboriginal Corporation.

The Company allocates resources based on revenue and evaluates performance of operating segments based on earnings before interest, taxes, depreciation, amortization, and stock based compensation, which follows the organization, management and reporting structure of the Company.

(a) Reportable Segments

Selected financial information for each reportable business segments is as follows:

	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>Three months ended June 30, 2009</i>					
Revenue	\$ 186,600	\$ 131,270	\$ 40,244	\$ 66,124	\$ 424,238
EBITDA ¹	5,063	14,217	(133)	4,357	23,504
EBITDA %	2.7%	10.8%	(0.3%)	6.6%	5.5%
Amortization on property, plant and equipment, and intangible assets	5,875	2,121	4,915	1,290	14,201
Capital expenditures	4,196	2,766	2,504	2,064	11,530
<i>Three months ended June 30, 2008 (restated)</i>					
Revenue	\$ 258,950	\$ 120,438	\$ 50,882	\$ 101,443	\$ 531,713
EBITDA ¹	18,175	10,339	(4,525)	7,109	31,098
EBITDA %	7.0%	8.6%	(8.9%)	7.0%	5.8%
Amortization on property, plant and equipment, and intangible assets	8,152	2,794	5,586	279	16,811
Capital expenditures	4,622	1,519	1,465	1,592	9,198

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>Six months ended June 30, 2009</i>					
Revenue	\$ 441,560	\$ 274,580	\$ 110,483	\$ 127,765	\$ 954,388
EBITDA ¹	24,612	26,973	8,467	10,264	70,316
EBITDA %	5.6%	9.8%	7.7%	8.0%	7.4%
Amortization on property, plant and equipment, and intangible assets	12,203	4,050	10,045	2,358	28,656
Capital expenditures	5,755	3,460	3,582	2,771	15,568

<i>Six months ended June 30, 2008 (restated)</i>					
Revenue	\$ 548,780	\$ 221,489	\$ 136,998	\$ 140,030	\$ 1,047,297
EBITDA ¹	47,388	18,367	9,096	9,926	84,777
EBITDA %	8.6%	8.3%	6.6%	7.1%	8.1%
Amortization on property, plant and equipment, and intangible assets	16,987	5,093	11,947	581	34,608
Capital expenditures	6,079	1,888	4,334	3,364	15,665

¹ In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA as a supplemental earnings measure as it is used by the chief operating decision makers of the Company to measure operating segment profitability. EBITDA is equal to earnings before interest, taxes, depreciation, amortization, and stock based compensation. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees, to evaluate the performance of its operating segments, and in valuing existing operations to determine potential goodwill impairment. EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP, and may not be comparable to similar measures presented by other issuers.

	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>As at June 30, 2009</i>					
Total assets	\$ 377,138	\$ 254,089	\$ 216,112	\$ 94,323	\$ 941,662
<i>As at December 31, 2008 (restated)</i>					
Total assets	\$ 514,290	\$ 275,217	\$ 251,743	\$ 47,620	\$ 1,088,870

(b) Geographic Segments

The Company's operations are carried on in the following geographic locations:

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Revenue				
Canada	\$ 346,603	\$ 398,957	\$ 770,806	\$ 802,213
United States	77,635	132,756	183,582	245,084
Total	\$ 424,238	\$ 531,713	\$ 954,388	\$ 1,047,297
<hr/>				
		Canada	United States	Total
<i>As at June 30, 2009</i>				
Property, plant and equipment		\$ 352,220	\$ 57,708	\$ 409,928
Total assets		789,061	152,601	941,662
<i>As at December 31, 2008</i>				
Property, plant and equipment		\$ 365,612	\$ 67,502	\$ 433,114
Total assets		969,209	119,661	1,088,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 2009

(unaudited)

(in thousands of Canadian dollars except share data unless otherwise stated)

(c) Reconciliation of EBITDA

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net earnings	\$ 3,752	\$ 11,811	\$ 22,300	\$ 30,254
Amortization on property, plant and equipment, and intangible assets	14,201	16,811	28,656	34,608
Stock based compensation expense	790	1,210	1,761	2,370
Interest expense, net of interest income	3,606	1,447	8,846	7,347
Income tax expense (reduction)	1,155	(181)	8,753	10,198
EBITDA	\$ 23,504	\$ 31,098	\$ 70,316	\$ 84,777

5. Commitments and Contingencies

At June 30, 2009, the Company was involved in various legal claims related to the normal course of operations. Management believes that it has adequately provided a provision for these legal claims.

6. Comparative Information

Certain comparative figures have been reclassified to conform to current period presentation.

7. Subsequent Event

On July 1, 2009 the Company completed the renewal of the Credit Agreement between Flint Energy Services Ltd., Flint Energy Services Inc., and Flint Financing (U.S.) Partnership, the Bank of Montreal as Agent and the lenders party thereto dated November 27, 2006 that was due to expire on November 27, 2009.

The new agreement will expire on June 30, 2012. Under the terms of the agreement the maximum credit available under the Canadian and United States revolving operating loan was reduced to \$137 million Canadian and \$15 million U.S. from \$210 million Canadian and \$18 million U.S. respectively. The maximum available under the term loans was maintained at \$170 million Canadian and \$73 million U.S. The Company's ability to request expansion of the borrowing capacity under the agreement was maintained at \$250 million for the revolving operating loans and \$325 million for the term loans.

Interest on the revolving operating loans is at bank prime rate plus 0.50% to 1.75% for Canadian dollar loans, U.S. Base rate loans and U.S. Prime rate loans, at LIBOR or Bankers Acceptance rate plus 2.00% to 3.25% for Bankers Acceptances and LIBOR loans, and 1.75% to 2.75% for Letters of Credit depending upon certain financial ratios. There have been no changes to the Company's banking covenants.

Corporate Information

Directors

John Geddes
Chairman of the Board
Flint Energy Services Ltd.
Calgary, Alberta

W.J. (Bill) Lingard
President and
Chief Executive Officer
Flint Energy Services Ltd.
Calgary, Alberta

John Bates
President
Flint Resources Company,
LLC
Tulsa, Oklahoma

Stuart O'Connor
President
Timber Ridge Capital Ltd.
Calgary, Alberta

Douglas E. Swanson
Retired
Former CEO
Oil States International Inc.
Houston, Texas

T.D. (Terry) Freeman
Managing Director
Northern Plains
Investment Growth Fund
Edmonton, Alberta

C. Douglas Annable
President
CD Consulting Inc.
Calgary, Alberta

Philip C. Lachambre
President
PCML Consulting Inc.
Edmonton, Alberta

Officers

W.J. (Bill) Lingard
President and
Chief Executive Officer

Paul M. Boechler
Chief Financial Officer
and Corporate Secretary

Wayne Shaw
Senior Vice President,
Infrastructure Services

Keith Lambert
Senior Vice President,
Production Services

Bryce Satter
President, Flint Energy
Services Inc. (U.S.A.)

Shawn Carry
Senior Vice President,
Oilfield Services

Bob Henderson
Vice President,
Human Resources

Glen Greenshields
Corporate Vice President

Bankers

Bank of Montreal

Auditors

KPMG LLP

Legal Counsel

Bennett Jones LLP

Transfer Agent and Registrar

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