



FLINT ENERGY SERVICES LTD.

INTEGRATED. INTEGRAL.

Second Quarter Report
For the six months ending June 30, 2005

Q2

Advisory Regarding Forward Looking Statements

This report contains forward-looking statements under the heading "Outlook" and elsewhere concerning the Company's projected operating results for 2005 and beyond, and anticipated capital expenditure trends and drilling activity in the oil and natural gas industry. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of risks, uncertainties and other factors affecting the Company's business and the oil and natural gas industry generally. These factors, include, but are not limited to, fluctuations in oil and natural gas prices, fluctuations in the level of oil and natural 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 strategies 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, 2004 and other documents filed with Canadian provincial securities authorities and available to the public at www.sedar.com.

Unless otherwise indicated, all financial information in this press release is presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's audited Consolidated Financial Statements and MD&A for the six months ended June 30, 2005 and June 30, 2004, and the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2004

Management's Discussion and Analysis

Flint is a publicly traded company listed on the Toronto Stock Exchange under the symbol "FES". Flint provides a full range of integrated midstream services to oil and natural gas producers through 43 locations in Western Canada, and the Southern and Rocky Mountain regions of the United States. These services are offered through two operating segments: Production Services and Facility Infrastructure. Production Services provides smaller-inch oil and natural gas well tie-in work, day-to-day field facility installation and maintenance services, as well as electrical, instrumentation, mechanical, safety, pressure and vacuum, fluid hauling and plant shutdown and turnaround services. Facility Infrastructure provides large capital project planning, fabrication, assembly, modularization and field installation services.

Net earnings for the quarter ended June 30, 2005 were \$8.7 million on revenue of \$237.3 million compared to a net loss of \$1.6 million on revenue of \$172.0 million for the comparative quarter in 2004. Funds provided by operations before changes in non-cash working capital for the three-month period were \$16.5 million compared to \$3.5 million for the comparative period in 2004. Diluted earnings per share for the second quarter of 2005 increased to \$0.52 from a loss per share of \$0.10 for the comparative quarter in 2004.

The primary reason for the quarter's higher net earnings is a \$65.3 million or 38.0% year-over-year increase in revenue as well as a substantial improvement in results on mid-inch pipeline projects relative to the second quarter of 2004. The increase in revenue was driven primarily by the successful execution of Flint's backlog of work related to oilsands development. In addition, activity levels in the Company's Production Service United States operations increased, offsetting the traditional decline in Canadian Production Service revenue experienced as a result of spring breakup. Second quarter consolidated gross margin of 18.8% increased as compared to the prior year's 17.9% gross margin due to the improvement in mid-inch pipeline results relative to last year. The higher revenue and higher average margin produced an increase in gross profit of \$13.7 million compared to the second quarter of 2004.

Consolidated Financial Results

Summary of Consolidated Financial Results

(\$ millions of Canadian dollars, except per share data)

	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
Revenue	\$ 237.3	\$ 172.0	\$ 490.8	\$ 350.6
EBITDA ¹	23.6	10.5	54.4	30.1
Net earnings (loss)	8.7	(1.6)	22.3	5.0
per common share – basic	0.52	(0.10)	1.3	0.30
per common share – diluted	0.52	(0.10)	1.34	0.30
Funds provided by operations before changes in non-cash working capital	16.5	3.5	37.8	17.6
			June 30	December 31
			2005	2004
Working capital			\$ 195.5	\$ 174.7
Total assets			669.9	629.7
Shareholders' equity			328.1	302.2

¹ In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA as a supplemental earnings measure. This measure assists investors in determining the Company's ability to generate cash from operations. EBITDA is equal to gross profit less general and administrative and stock based compensation expenses.

Revenues

Revenues for the three-month and six-month periods ended June 30, 2005 increased to \$237.3 million and \$490.8 million, respectively from \$172.0 million and \$350.6 million for the same periods in the prior year. The second quarter 38.0% increase in year-over-year revenue is due to increased activity levels in both the Infrastructure and United States Production Services businesses. The six-month 40.0% increase in revenue is a result of increases from all aspects of the Company's operations.

Of the second quarter year-over-year \$65.3 million increase in revenue, 80.6% was from the Facility Infrastructure business segment. The increase in revenue from the Infrastructure business unit was primarily driven by the successful execution of Flint's backlog of work related to oilsands development and the sale of natural gas processing units in the United States which has seen a second quarter year-over-year increase due to customer demand related to drilling activities in the United States Rocky Mountain area. The remaining 19.4% increase was primarily due to increased activity levels from the United States Production Services operations due to increased activity occurring in natural gas producing areas of the United States.

Of the six-month year to date \$140.2 million increase in revenue from the corresponding six months of 2004, 79.9% was from the Facility Infrastructure business segment due to the successful execution of Flint's backlog of work related to oilsands development and increases in the sale of natural gas processing units in the United States. The remaining 20.1% increase in revenue is due to increases from both Canadian and United States Production Services activity levels, as customer demand has increased in both geographic segments.

Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA")

EBITDA for the three-month and six-month periods ended June 30, 2005 increased from the corresponding periods in the prior year primarily as a result of increased revenue. Gross profit as a percentage of revenue increased marginally which also contributed to the increase in EBITDA. Improvements in gross profit in the second quarter of 2005, as compared to the previous year's second quarter, were generated by increases in pricing achieved by the Canadian Production Services operating segment, and the improvement in performance on mid-inch pipeline projects, relative to 2004. The increase in second quarter gross profit margins was offset partially by a higher percentage of lower margin cost plus work earned by the Company's Facility Infrastructure business. The oilsands projects being executed by the Canadian Facility

Infrastructure business unit are on a cost plus basis, which although earn a lower margin percentage, have an inherent lower risk associated with the performance of the work. The six-month gross profit as a percentage of revenue was relatively constant in 2005 as compared to 2004 despite increased overall Production Services margins due to the increase proportion of the lower cost plus Facility Infrastructure revenue.

General and administrative expenses for the quarter, while comparable to the same period last year, on a gross dollar basis, declined as a percentage of sales to 8.6% from 11.4%. Similarly on a six-month year to date basis, general and administrative expenses have declined to 8.4% from 11.0%.

Net Earnings

Net earnings for the three-months and six-months ended June 30, 2005 increased to \$8.7 million and \$22.3 million respectively from a loss of \$1.6 million in the second quarter of 2004 and net income of \$5.0 million for the six month period. The primary reason for the increase in net earnings is the increase in revenue and corresponding impact of the increase on EBITDA for both the first and second quarters of 2005. In addition, the second quarter of 2004 included a debt restructuring charge of \$2.0 million, which has not been repeated in 2005. The 2004 restructuring charge related to increasing the Company's existing long-term debt available in connection with entering into a new credit agreement.

Amortization expense for the three-month and six-month period ended June 30, 2005 decreased by \$1.5 million and \$2.3 respectively from the comparative periods in 2004, as a result of the disposition of older equipment that bore a high rate of amortization, which was secured through business acquisitions made in prior years. The disposal of the older equipment was driven by the Company's plan to reduce the Company's repair and maintenance costs and to increase productivity in the field.

Interest expense for the three-month and six-month period ended June 30, 2005 increased by \$0.4 million and \$1.2 million respectively from the comparative periods in 2004 primarily as a result of the Company restructuring its debt facilities in the second quarter of 2004, fixing a portion of the Company's debt at higher rates than the floating rates in effect in the first two quarters of 2004. The portion of debt that remains on floating interest rate terms experienced higher charges due to an increase in bank prime lending rates relative to the same period in the prior year.

Income tax expense for the three-month and six month periods ended June 30, 2005 increased to reflect the higher level of net earnings.

Comparative Quarterly Results

A number of factors contribute to variations in the Company's results between periods such as weather, customer capital spending affected by oil and natural gas commodity prices, seasonal behaviors in customer spending such as plant shutdown work, the Company's ability to manage its project related business to avoid or minimize periods of relative inactivity due to project scheduling, fluctuations in the Canada U.S. exchange rate applicable to translating the revenue and expenses of the Company's U.S. operations to Canadian dollars, and changes with the Company's service offerings as it strives to find the optimum portfolio of services to meet customer needs.

(in millions of Canadian dollars, except share data)

	2005			2004			2003 Restated ¹	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$237.3	\$253.5	\$205.4	\$187.8	\$172.0	\$178.6	\$170.7	\$158.0
Net earnings (loss)	8.7	13.7	5.2	4.7	(1.6)	6.6	5.6	5.2
per common share-basic	0.52	0.82	0.31	0.29	(0.10)	0.40	0.35	0.32
per common share-diluted	0.52	0.82	0.31	0.29	(0.10)	0.40	0.34	0.32

¹ Restated to reflect adoption of accounting policy to expense stock-based compensation.

Increases in revenue, in the most recent quarters, are primarily due to securing contracts related to oilsands development and from increased demand for the Company's services from customers who are developing natural gas reserves, particularly those in the U.S. Rocky Mountain area. The first and second quarter of 2005 were the highest revenue quarters respectively, since the Company became publicly traded. The \$0.82 and \$0.52 first and second 2005 quarter diluted earnings per share figures were the highest levels achieved for each of the respective quarters by the Company. The loss incurred in the second quarter of 2004 was primarily a result of underperformance on several mid-inch pipeline projects, and expensing of deferred finance charges upon the renegotiation of the Company's credit facilities.

Results of Operations

The Company operates under two operating segments, Production Services and Facility Infrastructure. Production Services offers smaller-inch pipeline tie-in for oil and gas wells, day-to-day field facility installation and maintenance services and Facility Infrastructure offers large capital project planning, fabrication, assembly, modularization and field installation services, and mid-inch pipeline installations.

Selected Segmented Information

(in millions of Canadian dollars)

	Three months ended June 30				Six months ended June 30			
	2005		2004		2005		2004	
Revenue by operating segment								
Production Services	\$ 136.2	57.4 %	\$ 123.5	71.8 %	\$ 277.2	56.5 %	\$ 249.1	71.0 %
Facility Infrastructure	101.1	42.6	48.5	28.2	213.6	43.5	101.5	29.0
Total	\$ 237.3	100.0 %	\$ 172.0	100.0 %	\$ 490.8	100.0 %	\$ 350.6	100.0 %
EBITDA by operating segment								
Production Services	\$ 16.0	67.8 %	\$ 10.2	97.1 %	\$ 34.1	62.7 %	\$ 23.2	77.3 %
Facility Infrastructure	7.6	32.2	0.3	2.9	20.3	37.3	6.8	22.7
Total	\$ 23.6	100.0 %	\$ 10.5	100.0 %	\$ 54.4	100.0 %	\$ 30.0	100.0 %

Production Services

Production Services revenues for the three-month and six-month periods ended June 30, 2005 increased by 10.3% and 11.3% to \$136.2 million and \$277.2 million respectively. The second quarter increase is primarily due to increased activity levels from the United States Production Services operations due to increased activity occurring in natural gas producing areas of the United States. The six-month year to date increase in 2005 revenue is primarily due to well tie-ins, small diameter pipeline installation work in Canada and maintenance and small capital plant construction in the United States.

EBITDA increased in the three-month and six-month periods by \$5.8 million and \$10.9 million respectively due to the increase in revenues achieved year-over-year and due to improved margins from the Canadian Production Services operating segment.

Facility Infrastructure

Facility Infrastructure revenue for the three-month and six-month periods ended June 30, 2005 increased by 108.4% and 110.4% to \$101.1 million and \$213.6 million respectively. Increases in both the quarter and the year to date revenues were primarily driven by the successful execution of Flint's backlog of work related to oilsands development. The sale of natural gas processing units in the United States increased year-over-year due to customer demand related to drilling activities in the United States Rocky Mountain area.

EBITDA increased in the three-month and six-month periods by \$7.3 million and \$13.5 million year-over-over due to increased revenue without a corresponding increase in overheads and the improvement in performance on mid-inch pipeline projects.

Consolidated Financial Position

At June 30, 2005, the Company's net working capital position is \$195.5 million compared to \$174.7 million at December 31, 2004. The increase in net working capital is due to an increase in unbilled revenue, which has grown in conjunction with the increase in revenue from the Facility Infrastructure contract activity.

Accounts payable and accrued liabilities have increased to \$85.2 million at June 30, 2005 from \$73.9 million at December 31, 2004. The 15.3% increase in accounts payable and accrued liabilities is consistent with the increase in activity the Company has experienced in the second quarter of 2005 as compared to the fourth quarter of 2004; second quarter revenue is 15.5% higher than 2004's fourth quarter revenue.

Income tax has changed from a receivable balance of \$6.1 million at December 31, 2004 to an income tax payable balance of \$5.6 million at June 30, 2005, as a result of increased earnings during the period. The tax receivable balance at December 31, 2004 has been recovered and the June 30, 2005 payable balance relates to income taxes payable on the current year to date income.

Long-term debt, including current portion, decreased by \$4.2 million at June 30, 2005 from the balance at the end of the prior fiscal year due to using a portion of the year to date 2005 cash flow from operations to pay down debt.

Liquidity and Capital Resources

The Company's principal sources of capital are cash flows from operations and borrowings under its senior credit facility. The Company's principal uses of cash are to purchase property, plant and equipment, fulfill lease payment obligations and finance working capital.

Selected Cash Flow and Capitalization Data

(\$ millions of Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2005	2004	2005	2004
Cash provided by operations before changes in non-cash working capital	\$ 16.5	\$ 3.5	\$ 37.8	\$ 17.6
Cash (used in) provided by operating activities	(5.2)	(2.0)	12.3	(19.8)
			June 30	December 31
			2005	2004
Long-term debt (including current portion)			\$ 219.0	\$ 223.3
Debt to total capitalization (%) ^{1 & 2}			40.0	42.5

¹ Ratios contained in this table do not have any standard meaning under generally accepted accounting principles and may not be comparable to similar statistics published by other companies. The ratios are presented since they are commonly referred to by lenders and other interested parties in evaluating the Company's financial position.

² Debt to total capitalization, expressed as a percentage, is equal to debt divided by total capitalization. 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.

Cash Flow and Liquidity

Cash provided by operations before changes in non-cash working capital for the second quarter of 2005 and six-month ending June 30, 2005 increased 366.9% and 114.3% respectively due to increases in revenue and the resulting increase in net earnings and the improvement in performance on pipeline projects relative to the second quarter of 2004.

During the three-month and six-month periods ended June 30, 2005 the Company incurred property, plant and equipment capital expenditures totaling \$8.6 million and 15.9 million respectively. For both periods the expenditures primarily related to the replacement of vehicles and equipment in accordance with the Company's fleet replacement program designed to replace aging vehicles and equipment at optimum points in time in order to maximize the operating cost effectiveness of the overall fleet. During the six-month period ending June 30, 2005, the Company realized proceeds from the disposal of property, plant and equipment totaling \$2.7 million of which \$2.3 million related to dispositions in the second quarter. The assets disposed of primarily relate to older vehicles and equipment, which is being replaced by newer equipment.

During the six-month period ended June 30, 2005, the Company decreased its long-term debt position (including current portion) by \$4.2 million as a portion of the cash flow generated from operations was used to pay down debt.

Debt Repayment Obligations

(in millions of Canadian dollars)

<i>Maturity</i>				
<i>Less than</i>	<i>2 – 3</i>	<i>4 – 5</i>	<i>In excess of</i>	
<i>1 year</i>	<i>years</i>	<i>years</i>	<i>5 years</i>	<i>Total</i>
\$ 4.8	\$ 78.6	\$ 20.4	\$ 115.2	\$ 219.0

The company has a \$115 million Canadian and a \$10 million U.S. revolving operating loan facility, which is included in long-term debt, as the terms of the facility do not require repayment within a one-year period. At June 30, 2005 the Company had utilized \$68.2 million Canadian and \$3.3 million U.S. of the facility.

Outstanding Share Data

The Company is authorized to issue an unlimited number of Class A common voting shares, an unlimited number of Class B common voting shares and an unlimited number of redeemable convertible preferred shares. As at June 30, 2005, 16,690,805 Class A common voting shares were outstanding compared to 16,586,957 as at December 31, 2004. No Class B common voting shares or redeemable convertible 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.

Accounting Policies

New accounting guideline AcG-15, Consolidation of Variable Interest Entities, has been reviewed and determined to have no material impact on the Company's consolidated financial statements.

Outlook

Flint continues to see strong activity levels for both Canadian and United States production services. In particular, work from the first and second quarters deferred, as a result of poor weather conditions in Southern Alberta, will keep activity levels high for the rest of the year. Major energy producers, with whom Flint has preferred contractual agreements, have indicated that they will increase the use of Flint's services in the last half of the year.

JW Williams, a wholly owned subsidiary within the Company's Infrastructure operating segment, which produces gas-processing equipment in the United States, has signed significant new orders that will continue to grow the revenues from this entity through 2006. The Canadian Infrastructure group will continue to execute on the oilsands projects that it has secured in prior periods, and seek to build additional backlog on new oilsands projects as opportunities present themselves.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

As At

June 30

2005

(unaudited)

December 31

2004

Assets

Current assets:

Cash	\$ 108	\$ 3,223
Accounts receivable	160,609	170,537
Revenue in excess of billings and work-in-progress	101,924	48,292
Inventories	27,779	21,751
Income taxes receivable	–	6,139
Future income tax assets	1,040	661
Prepaid expenses and other current assets	5,477	6,066
	296,937	256,669
Property, plant and equipment	171,048	170,871
Goodwill	198,942	198,420
Intangible assets	2,199	2,618
Future income tax assets	433	415
Other assets	338	725
	\$ 669,897	\$ 629,718

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 85,204	\$ 73,873
Billings in excess of revenue	1,654	1,241
Income taxes payable	5,649	-
Future income tax liabilities	3,130	1,125
Current portion of long-term debt	5,830	5,770
	101,467	82,009
Long-term debt	213,200	217,506
Future income tax liabilities	27,116	28,006
	240,316	245,512

Shareholders' equity:

Capital stock (note 2)	198,475	195,929
Contributed surplus	4,407	4,256
Retained earnings	136,665	114,318
Cumulative translation account	(11,433)	(12,306)
	328,114	302,197
	\$ 669,897	\$ 629,718

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Earnings (Loss) and Retained Earnings

<i>(unaudited)</i> <i>(in thousands of Canadian dollars, except share data)</i>	Three months ended June 30, 2005	<i>Three months ended</i> <i>June 30, 2004</i>	Six months ended June 30, 2005	<i>Six months ended</i> <i>June 30, 2004</i>
Revenue	\$ 237,334	\$ 172,042	\$ 490,845	\$ 350,602
Direct costs	192,823	141,221	394,590	281,105
Gross profit	44,511	30,821	96,255	69,497
General and administrative expenses	20,367	19,663	41,106	38,468
Stock based compensation expense	504	632	705	975
Amortization	7,123	8,587	13,990	16,319
Earnings from operations	16,517	1,939	40,454	13,735
Interest	3,564	3,166	7,181	5,995
Debt restructuring costs (note 4)	–	1,953	–	1,953
Earnings (loss) before income taxes	12,953	(3,180)	33,273	5,787
Income taxes:				
Current	4,177	1,863	10,187	4,721
Future (recovery)	90	(3,426)	739	(3,884)
	4,267	(1,563)	10,926	837
Net earnings (loss)	8,686	(1,617)	22,347	4,950
Retained earnings, beginning of period	127,979	105,984	114,318	99,417
Retained earnings, end of period	\$ 136,665	\$ 104,367	\$ 136,665	\$ 104,367
Earnings (loss) per share:				
Basic	\$ 0.52	\$ (0.10)	\$ 1.34	\$ 0.30
Diluted	\$ 0.52	\$ (0.10)	\$ 1.34	\$ 0.30
Weighted average common shares:				
Basic	16,684,872	16,533,713	16,653,389	16,483,478
Diluted	16,787,328	16,622,994	16,737,408	16,566,990

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited)

(in thousands of Canadian dollars)

	Three months ended June 30, 2005	<i>Three months ended</i> <i>June 30, 2004</i>	Six months ended June 30, 2005	<i>Six months ended</i> <i>June 30, 2004</i>
Cash provided by (used in):				
Operating activities:				
Net earnings (loss)	\$ 8,686	\$ (1,617)	\$ 22,347	\$ 4,950
Items not affecting cash:				
Amortization	7,123	8,587	13,990	16,319
Debt restructuring costs (note 4)	–	424	–	424
Loss (gain) on disposal of property, plant and equipment	101	(1,065)	33	(1,141)
Stock based compensation	504	632	705	975
Future income taxes	90	(3,426)	739	(3,884)
Funds provided by operations before changes in non-cash working capital	16,504	3,535	37,814	17,643
Changes in non-cash balances relating to operations	(21,725)	(5,509)	(25,495)	(37,432)
	(5,221)	(1,974)	12,319	(19,789)
Investing activities:				
Acquisition of subsidiary, net of cash acquired	–	–	–	(1,899)
Purchase of property, plant and equipment	(8,588)	(9,504)	(15,869)	(17,424)
Proceeds from disposal of property, plant and equipment	2,299	4,501	2,747	6,064
	(6,289)	(5,003)	(13,122)	(13,259)
Financing activities:				
Proceeds from long-term debt	15,606	114,531	36,739	142,885
Repayments of long-term debt	(15,324)	(108,301)	(40,985)	(113,360)
Deferred financing costs	(28)	(19)	(59)	(43)
Proceeds from issue of capital stock	505	570	1,993	2,041
	759	6,781	(2,312)	31,523
Decrease in cash	(10,751)	(196)	(3,115)	(1,525)
Cash, beginning of period	10,859	2,076	3,223	3,405
Cash, end of period	\$ 108	\$ 1,880	\$ 108	\$ 1,880
Supplemental cash flow information:				
Cash paid (received) during the period for:				
Interest	\$ 3,756	\$ 3,166	\$ 7,373	\$ 5,914
Income taxes	\$ (3,299)	\$ 3,702	\$ (2,021)	\$ 8,613

See accompanying notes to interim consolidated financial statements.

Segmented Information

Operating Segments

(unaudited)

(in thousands of Canadian dollars)

Three months ended June 30, 2005

	Production Services	Facility Infrastructure	Total
Revenue	\$ 136,181	\$ 101,153	\$ 237,334
EBITDA ¹	16,050	7,590	23,640
Amortization			7,123
Earnings from operations			16,517
Capital expenditures	4,523	4,065	8,588
Goodwill	145,604	53,338	198,942
Total assets	407,069	262,828	669,897

(unaudited)

(in thousands of Canadian dollars)

Three months ended June 30, 2004

	<i>Production Services</i>	<i>Facility Infrastructure</i>	<i>Total</i>
Revenue	\$ 123,513	\$ 48,529	\$ 172,042
EBITDA ¹	10,216	310	10,526
Amortization			8,587
Earnings from operations			1,939
Capital expenditures	7,482	2,022	9,504
Goodwill	148,442	53,252	201,694
Total assets	396,152	197,167	593,319

(unaudited)

(in thousands of Canadian dollars)

Six months ended June 30, 2005

	Production Services	Facility Infrastructure	Total
Revenue	\$ 277,256	\$ 213,589	\$ 490,845
EBITDA ¹	34,105	20,339	54,444
Amortization			13,990
Earnings from operations			40,453
Capital expenditures	9,451	6,418	15,869
Goodwill	145,604	53,338	198,942
Total assets	407,069	262,828	669,897

(unaudited)

(in thousands of Canadian dollars)

Six months ended June 30, 2004

	<i>Production Services</i>	<i>Facility Infrastructure</i>	<i>Total</i>
Revenue	\$ 249,098	\$ 101,504	\$ 350,602
EBITDA ¹	23,240	6,814	30,054
Amortization			16,319
Earnings from operations			13,735
Capital expenditures	12,384	5,040	17,424
Goodwill	148,442	53,252	201,694
Total assets	396,152	197,167	593,319

¹ In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA as a supplemental earnings measure. This measure is used by the chief operating decision makers of the Company to measure operating segment profitability and to assist investors in determining the Company's ability to generate cash from operations. EBITDA is equal to gross profit less general and administrative and stock based compensation expenses. EBITDA is considered to be a non-GAAP measure that does not have a standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issuers.

Segmented Information (continued)

Geographic Segments

(unaudited)

(in thousands of Canadian dollars)

Three months ended June 30, 2005

	Canada	United States	Total
Revenue	\$ 170,970	\$ 66,364	\$ 237,334
Property, plant and equipment	139,713	31,335	171,048
Goodwill	162,904	36,038	198,942
Total assets	534,074	135,823	669,897

(unaudited)

(in thousands of Canadian dollars)

Three months ended June 30, 2004

	<i>Canada</i>	<i>United States</i>	<i>Total</i>
Revenue	\$ 124,347	\$ 47,695	\$ 172,042
Property, plant and equipment	137,751	34,871	172,622
Goodwill	162,904	38,790	201,694
Total assets	467,070	126,249	593,319

(unaudited)

(in thousands of Canadian dollars)

Six months ended June 30, 2005

	Canada	United States	Total
Revenue	\$ 367,557	\$ 123,288	\$ 490,845
Property, plant and equipment	139,713	31,335	171,048
Goodwill	162,904	36,038	198,942
Total assets	534,074	135,823	669,897

(unaudited)

(in thousands of Canadian dollars)

Six months ended June 30, 2004

	<i>Canada</i>	<i>United States</i>	<i>Total</i>
Revenue	\$ 262,218	\$ 88,384	\$ 350,602
Property, plant and equipment	137,751	34,871	172,622
Goodwill	162,904	38,790	201,694
Total assets	467,070	126,249	593,319

Notes to the Interim Consolidated Financial Statements

Six months ended June 30, 2005

(tabular amounts in thousands of Canadian dollars, except share data and stock option exercise prices)

1. Basis of Presentation

The interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Since the determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of these interim financial statements requires the use of estimates and assumptions. In the opinion of management, these interim financial statements have been prepared within reasonable limits of materiality. The interim financial statements follow the same significant accounting policies as described and used in the most recent annual report of the Company for the year ended December 31, 2004 and should be read in conjunction with that report.

A number of factors contribute to variations in the Company's results between periods such as weather, customer capital spending affected by oil and natural gas commodity prices, seasonal behaviors in customer spending such as plant shutdown work, the Company's ability to manage its project related business so as to avoid or minimize periods of relative inactivity due to project scheduling, fluctuations in the Canada U.S. exchange rate applicable to translating the revenue and expenses of the Company's U.S. operations to Canadian dollars, and changes with the Company's service offerings as it strives to find the optimum portfolio of services to meet customer needs.

2. Capital Stock

(a) Issued Capital Stock:

	<i>Class A Common Shares</i>	<i>Amount</i>
Balances at December 31, 2004	16,586,957	\$ 195,929
Shares issued for cash in conjunction with:		
Exercised employee stock options	103,848	1,993
Transfer from contributed surplus for stock options exercised	—	553
Balances at June 30, 2005	<u>16,690,805</u>	<u>\$ 198,475</u>

- (b) The Company has an incentive stock option plan for certain employees, officers and directors. Options issued under the plan may be exercised at a rate of 1/3 on the three subsequent award date anniversaries. Options granted pursuant to the plan may be exercised over specified periods not to exceed 5 years from the date granted. At June 30, 2005, 177,785 common shares remained reserved for issuance under the option plan.

	<i>Shares</i>	<i>Weighted Average Exercise Price</i>
<i>Options</i>		
Outstanding at December 31, 2004	832,207	\$ 21.74
Granted	260,000	24.13
Cancelled	(8,001)	23.14
Exercised	(103,848)	19.19
Outstanding at June 30, 2005	<u>980,358</u>	<u>\$ 22.63</u>
Options exercisable at June 30, 2005	<u>495,515</u>	<u>\$ 21.93</u>

3. Earnings Per Share

Included in the diluted number of common shares for the six-month period ending June 30, 2005 is 84,019 stock options (83,512 at June 30, 2004).

4. Long-Term Debt

During the second quarter of 2004, the Company entered into a new credit agreement with the existing syndicate of Canadian and United States financial institutions including three new members. The term loans under the previous credit facilities were repaid in full with the funds from the new credit facilities. In connection with the debt restructuring, the Company recorded a \$1,953,000 charge including expensing the remaining balance of any deferred costs and early repayment fees incurred relative to the term-debt under the previous credit agreement in addition to certain fees incurred relative to the term-debt under the new credit agreement.

5. Comparative Information

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

Corporate Information

DIRECTORS

John Geddes

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

Brian Butlin

Vice Chairman of the Board
Flint Energy Services Ltd.
Edmonton, Alberta

W.J. (Bill) Lingard

President and Chief Executive Officer
Flint Energy Services Ltd.
Calgary, Alberta

David Baldwin

Managing Director
SCF-IV, LP
Houston, Texas

Stuart O'Connor

Director
Flint Energy Services Ltd.
Calgary, Alberta

John Bates

President and Chief Executive Officer
Flint Industries Inc.
Tulsa, Oklahoma

Lyle Reid

Director
Flint Energy Services Ltd.
Sherwood Park, Alberta

OFFICERS

W.J. (Bill) Lingard

President and Chief Executive Officer

Terry Freeman

Chief Financial Officer

Wayne Shaw

Senior Vice President, Infrastructure Services

Gary Foreman

Senior Vice President, Production Services

Tim O'Brien

Senior Vice President, Corporate Services

Paul Boechler

President, Flint Energy Services Inc. (USA)

Allan Cleiren

Vice President, Finance

CORPORATE HEAD OFFICE

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Website: www.flintenergy.com

BANKERS

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Calgary, Alberta

AUDITORS

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Edmonton, Alberta

LEGAL COUNSEL

Bennett Jones LLP
Edmonton and Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
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Calgary, Alberta T2P 3S8
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STOCK EXCHANGE LISTING

Toronto Stock Exchange (TSX)
Common Shares - FES