



2006 SECOND QUARTER REPORT

(UNAUDITED)

Report Contents

TSXV: ISC

JUNE 30, 2006

Partnerships
in HEALTH and SAFETY

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P R O F I L E

IROC Systems Corp. (“IROC” or the “Corporation”) is a leading Canadian oilfield service company that supplies a comprehensive and diverse range of products, services and equipment to the oil and gas industry.

- **Eagle Well Servicing** currently operates 20 free standing single and double service rigs across Alberta and into Northern British Columbia and is strategically positioned to meet the service demands of a changing industry through building or acquiring new equipment and attracting quality personnel.
- **Envirocore** offers comprehensive environmental services ranging from project planning and construction to final reclamation. Envirocore provides project management services, risk analysis and construction planning and environmental monitoring. In addition, Envirocore owns, operates, and maintains a fleet of specialized equipment for lease construction, reclamation, remediation and waste transportation.
- **Aero Rentals and Fishing Services** is our newest division and will commence operations in the third quarter of 2006. Aero Rentals is focused on surface pressure control and tubular handling equipment for workover, re-entry and completion operations, as well as for niche under-balances and deep drilling applications. Aero Fishing provides fishing and related equipment for surface and downhole environments, focusing primarily in cased hole applications.
- **IROC Safety Services** has provided safety services and equipment to the oil and gas industry since 1982. A commitment to develop and deploy state-of-the-art equipment using the latest technology has resulted in a high quality inventory that includes safety trailers, personal gas monitors and wireless gas detection devices.
- **Oricomm Communications and Monitoring** provides customers with a wide range of air quality monitoring and communications products and services including real-time flare management, remote field communications, mobile and stationary air quality monitoring. Oricomm’s products and services are used in both forest fire prevention and the oil and gas industry.
- **Canada Tech Corp.**, has developed a wide range of memory gauges and permanent monitoring systems that measure pressure and temperature in the downhole and surface environment of oil and gas wells. The company’s core business is to develop and use specialized technology that allows customers to optimize production of new and existing oil and gas wells. Canada Tech’s dedication to excellence has earned Canada Tech preferred supplier status with many of its customers including domestic and international service companies, oil and gas producers, mining and hydrology companies.



F I N A N C I A L H I G H L I G H T S

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005	Six Months Ended June 30, 2006	Six Months Ended June 30, 2005
Financial Results				
Revenue	\$11,643,922	\$4,050,127	\$30,643,953	\$9,886,126
Net earnings (loss)	(780,515)	(428,132)	1,267,592	136,126
Net earnings (loss) per share				
Basic	(0.02)	(0.01)	0.03	0.00
Diluted	(0.02)	(0.01)	0.03	0.00
EBITDA ⁽¹⁾	332,422	128,746	5,464,897	1,672,362
Basic	0.01	0.00	0.14	0.06
Diluted	0.01	0.00	0.14	0.06
Weighted average shares:				
Basic	37,850,981	30,075,874	37,704,318	28,566,218
Diluted	38,634,645	30,597,540	38,666,179	29,087,884

(1) Refer to the “NON-GAAP MEASURES” section of the MD&A for further details.



P R E S I D E N T ' S M E S S A G E

Dear Shareholders,

The second quarter of 2006 saw our company continue the execution of its plan as internally generated initiatives and the development of the infrastructure required to facilitate the growth dominated our agenda. Our business lines have remained active for the most part as is evidenced by our revenue numbers, which remain above our projections for our year to date on a consolidated basis.

As our shareholders have come to understand, management has chosen a specific path in the development of IROC Systems Corp. Taking advantage of opportunities in each of our businesses as they present themselves has provided a platform for rapid expansion. We now have 20 service rigs in the field with two more expected by the end of Q3, Canada Tech is on target to double their revenues over their previous fiscal year and Envirocore has contributed significantly to our revenue increases. The maturity of these segments of our business is evident allowing management to invest capital in our oilfield rental operations, continue to invest in our emerging communications group and undertake new projects which will support Canada Tech into the future.

The development that IROC Systems Corp has undertaken in rolling out these new businesses comes with a cost to our short term profitability as we add personnel and build infrastructure to support the equipment and operations that will not generate significant revenues until Q4 2006 and into 2007.

The environment has changed significantly with softer pricing for natural gas, brought on by reduced demand during the winter months. Management has seen reduced activity in certain segments of the industry with our safety and monitoring business being most directly affected by delays and reduced budgets. Activity has remained strong in the oil related work, with pricing reaching new highs during the quarter.

From an operational viewpoint the second quarter progressed much as expected with additional equipment being added in most areas of our operations. Personnel continue to be in high demand in the industry despite lower commodity pricing on the natural gas side of the market and a corresponding reduction in shallow gas related activity. The cost pressures associated with the tight labor market certainly affect our operating margins. While it is expected that the market will remain tight at least through Q1 of 2007, there are signs that the industry is making progress in attracting more people to the industry.

Our move to operating as a partnership has streamlined our operation and sets the stage for IROC Systems Corp to continue its rapid growth. Again, costs associated with the change were substantial and are reflected in our increased administration charges during the quarter.

In closing, I am pleased to welcome Kevin Howell to our company in the position of Chief Financial Officer, and Alex MacAusland as a Senior Vice President with responsibility for our Eagle Well Servicing group. We are excited to have these two highly qualified individuals join our senior management team.

Respectfully submitted,

A handwritten signature in black ink that reads "Tom Alford".

Thomas M. Alford
IROC Systems Corp.
President and CEO



M A N A G E M E N T ' S D I S C U S S I O N A N D A N A L Y S I S

The following Management's Discussion and Analysis (MD&A) focuses on key statistics from the consolidated financial statements of IROC Systems Corp. ("IROC") for the three and six months ended June 30, 2006 as compared to the three and six months ended June 30, 2005, and pertains to known risks and uncertainties relating to our business. This MD&A should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions. This MD&A of the financial condition and results of operations for the three and six months ended June 30, 2006 should be read in conjunction with the consolidated financial statements and related notes for the period, which are prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP). All amounts are expressed in Canadian dollars unless otherwise noted.

This report contains forward-looking statements which reflect management's expectations regarding IROC's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "will", "believe", "expect", "potential", "continue", "view" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk, uncertainties and assumptions. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this report are based upon what management believes to be reasonable assumptions, the Corporation cannot assure readers that actual results will be consistent with these forward-looking statements. Some of the risks, uncertainties, and factors include, but are not limited to: certain economic risks, most important of which are a slowdown in the general economy or reduced oil and natural gas drilling; changes to governmental regulations; prevailing interest rates; currency exchange rates; customer relationships, and labor disruption; accidents and costs of liability insurance; and fuel prices. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. See additional discussion under "**Risks and Uncertainties**".

OVERALL PERFORMANCE

The Corporation for the second quarter ended June 30, 2006 generated period over period revenue increases of 187%, from \$4.1 million to \$11.6 million. Revenue for the six months ended June 30, 2006 increased 210% from \$9.9 million to \$30.6 million year over year. This was achieved by increased equipment capacity from internal growth initiatives, business acquisitions completed in fiscal 2005 and price increases in certain divisions. Although the second quarter includes the traditional spring break-up period, improvements in overall operating results reflect the impact of strategic growth plans initiated in fiscal 2005 to expand the services offered by IROC. Significant growth and expansion throughout fiscal 2005 within the original safety and monitoring division, development of the service rigs and environmental divisions and with the addition of the Downhole Tools segment has resulted in a significantly different mix of revenues, costs and margins for IROC in the first six months of 2006 as compared to the first six months of fiscal 2005.

The Corporation recorded a net loss of \$0.8 million, or a loss of \$0.02 per share, for the three months ended June 30, 2006 compared to a net loss of \$0.4 million, or a loss of \$0.01 per share, for comparable period of 2005. Increases in reported losses aside, period losses before tax as a percentage of revenue actually decreased slightly from 15% to 12%. The improvement in operating activities is further reinforced in the year to date results as net earnings increased to \$1.3 million in 2006 from \$0.1 million in the comparable period of 2005. The increase in net earnings for three and six months ended June 30, 2006 was also positively impacted as a result of announced reductions in the federal and corporate tax rates.

EBITDA for the six months ended June 30, 2006 was \$5.5 million or \$0.14 per share, a 226% increase as compared to \$1.7 million, or \$0.06 per share, in the same period of 2005. The significant increase in EBITDA is a result of the significant growth in revenue as noted above. EBITDA as a percentage of revenue was 17.8% and 16.9% for the six months ended June 30, 2006 and 2005, respectively. For the six months ended June 30,

2006, cash flow from operations before changes in non-cash working capital balances totaled \$5.2 million compared to \$1.4 million for the same period of 2005 representing an increase of 268%.

The following is a discussion of the operating segments in which IROC operates:

WELL SERVICING

The Well Servicing segment contributed revenue for the three months ended June 30, 2006 of \$5.8 million or 50% of total revenue as compared to the corresponding period in 2005 of \$2.1 million or 53% of total revenue representing a 171% increase. For the six months ended June 30, 2006, revenue of \$15.7 million or 51% of total revenue was contributed by the Well Servicing segment compared to \$5.2 million or 52% of total revenue for the same period of 2005. The \$10.5 million or 204% increase in revenue over the same period in 2005 was the result of capital additions during fiscal 2005 and continuing in 2006 coupled with higher utilization and improved pricing in this segment. For the six months ended June 30, 2006, the Well Servicing segment has generated positive EBITDA of \$4.4 million compared to \$1.2 million in the same period of 2005 an increase of 271%. The increase is a direct result of the substantial growth in revenue from the capital additions completed over the past year as well as continued focus on controlling costs in the current operating environment. In the current market, management is able to look to its service rig division Eagle Well Servicing for steady, stable revenues, returns and growth.

The Eagle Well Servicing division increased its fleet of service rigs to 19 during the second quarter and all rigs were actively working during the quarter. IROC plans to build 6 additional double rigs and 3 more single rigs by the end of 2006 to bring its total fleet of service rigs to 28 by the end of 2006. Eagle Well Servicing continued to meet its targeted numbers during the first six months of 2006 and expects this trend to continue as the additional rigs are deployed to the field throughout the year.

ENVIRONMENTAL SERVICES

Revenue for the second quarter ending June 30, 2006 was \$1.7 million or 15% of total revenue as compared to \$0.7 million or 17% of total revenue during the same period in 2005, which represents a 147% increase. During the six months ended June 30, 2006 Environmental Services contributed \$4.8 million or 16% of total revenue as compared to \$1.3 million or 13% of total revenue for the corresponding period of 2005 representing an increase of 259%. The \$3.4 million increase year over year is a result of the addition of the lease construction and heavy hauling equipment and personnel during the third quarter of 2005 that allowed the Corporation to expand both in the array of services it offers as well as being able to service customers over a wider geographical area. EBITDA for the six months ended June 30, 2006 was \$58,043 as compared to \$78,861 for the comparative period of 2005.

The Envirocore division continues to develop additional products and services in an attempt to transform itself into a full service environmental company which provides turnkey abandonment and reclamation solutions for its customers. A growing backlog of wells requiring abandonment and a focus by oil and gas companies on new production are creating increasing opportunity in this area, which Envirocore intends to continue building on throughout 2006.

SAFETY, MONITORING, AND COMMUNICATION SERVICES

The Safety, Communication and Monitoring segment generated revenue of \$1.3 million or 11% of the Corporation's total revenue for the three months ended June 30, 2006, compared to \$1.2 million or 30% of total revenue in fiscal 2005. For the first six months of 2006, \$4.4 million or 14% of the Corporation's total revenue was derived from Safety, Communication and Monitoring segment as compared to \$3.4 million or 34% for the same period in 2005. The \$1.0 million or 29% increase in revenue over the same six month period of 2005 was the result of continued building of equipment and improved equipment utilization. This resulted in EBITDA for the six months ending June 30, 2006 in the Safety, Communication & Monitoring division of \$254,611 compared to the corresponding period in 2005 of \$418,586, a 39% decrease. The continued development of the communication technology and infrastructure combined with the advancements and the build out of additional S.M.A.R.T.TM units had a negative impact on EBITDA.

DOWNHOLE TOOLS

Canada Tech Corp. ("Canada Tech") was acquired by IROC on October 31, 2005. Canada Tech is a developer, manufacturer and marketer of a wide line of tools and systems that measure pressures and temperatures in the downhole and surface environment of oil and gas wells, which forms the Downhole Tools operating segment.

During the three months ended June 30, 2006 Downhole Tools operating segment generated revenue of \$2.8 million or 24% of total revenue for the Corporation. For the six months ended June 30, 2006, revenue of \$5.8 million or 19% of total revenue was generated by the Downhole Tools operating segment. The Downhole Tools segment generated \$789,162 of EBITDA for the first six months of fiscal 2006. No comparatives have been shown as this division was purchased in the fourth quarter of fiscal 2005.

RESULTS OF OPERATIONS

Revenue

Revenue of \$11,634,922 was generated during the second quarter of 2006 compared to \$4,050,127 for the same period in 2005, an increase of 187%. For the sixth months ended June 30, 2006, IROC recorded revenue of \$30,643,953 compared to \$9,886,126 in the same period of 2005, an increase of 210%. The period over period increases are due to the effect of corporate acquisitions in 2005, capital expenditures on equipment in 2005 and the current year coupled with increased activity in all product lines.

Operating Costs and Gross Margin

For the three months ended June 30, 2006 direct costs were \$8,819,417 (76% of revenue) as compared to \$3,144,536 (78% of revenue) in the comparable period of 2005. Operating costs for the six months ended June 30, 2006 were \$20,745,391 (68% of revenue) as compared to \$6,851,033 (69% of revenue) in the corresponding period of 2005. Gross margin increased slightly when comparing the second quarter of 2006 and the comparable quarter of 2005 moving to 24% in 2006 versus 22% for the corresponding period in 2005. Gross margin for the six month period of 2006 was 32% compared to 31% in the comparable period of 2005.

Significant growth and expansion through the increase in service rig fleet, development of the environmental division and the acquisition of Canada Tech has resulted in a significantly different mix of revenues, costs and margins for the IROC group of companies in 2006 as compared to the same period of 2005. IROC has managed to contain costs as compared to revenues despite the fact that labour and equipment costs have escalated.

General and Administrative Expenses:

General and administrative expenses ("G&A") for the three month period ended June 30, 2006 were \$2,439,494 (21% of revenue) compared to \$896,030 (22% of revenue) in the comparable period of 2005. G&A increased from \$1,515,719 (15% of revenue) for the six months ended June 30, 2005 to \$4,428,604 (14% of revenue) for the same period in 2006. The year over year increase of \$2,912,885 is primarily attributable to overall head count increases consistent with the substantial growth of the Corporation in the past year and half, coupled with higher employee compensation costs. Included in G&A is \$663,309 in stock-based compensation costs. The overall increase in G&A was expected as we continue to invest in infrastructure costs to manage the growth of our business which includes additional capital equipment in all services and the start-up of a new business line, Aero Rentals and Fishing Services. These increases in G&A negatively impact the operating results of the Corporation in the immediate term as revenue related to these growth initiatives takes time to development positive contributions. Despite the increase in total G&A, the amount as a percentage of revenue for the first six months of 2006 was down slightly compared to the same period of last year. Costs continue to be incurred related to the growth of the Corporation's infrastructure and we continue to review all areas for reductions where appropriate.

Depreciation and Amortization:

For the three months ended June 30, 2006 depreciation expense, amortization of intangible assets and deferred financing costs totalled \$1,344,781, an overall increase of 106% compared to \$653,874 of depreciation and amortization in the corresponding period of 2005. For the six month period ended June 30, 2006 depreciation expense, amortization of intangible assets and deferred financing costs totalled \$2,756,380 compared to \$1,277,217 in the corresponding period of 2006 for an overall increase of \$1,479,163. The increases are a direct result of the Corporations prior business acquisitions and increase in the depreciable asset base from internal capital build programs. Depreciation and amortization was 11.5% and 16% of revenues for the three month periods of 2006 and 2005 respectively. For the six months ended June 30, 2006 and 2005, depreciation and amortization was 9.0% and 12.9% of revenues respectively.

Interest Expense:

Interest expense increased by \$310,150 and \$648,049 for the three and six months ended June 30, 2006 compared to the same periods in 2005. The increase is due to issuance of \$7 million of three year 8% unsecured debentures in the third quarter of fiscal 2005 as well as increased level of long-term debt being carried in 2006 compared to 2005, arising from the Corporation's investment in internal capital expenditures and acquisitions during fiscal 2005 and continuing in 2006. Interest has also increased as a result of increased interest rates over the past year as much of the debt has variable interest rates tied to the prime rate of interest.

Gain on disposal of Property and Equipment:

The gain on disposal of property and equipment for the three month period ended June 30, 2006 was \$7,435 compared to \$119,185 in the same period of 2005. For the six months ended June 30, 2006, the gain on disposal of property and equipment was \$35,679 compared to a gain of \$152,988 for the prior year period. The current year gains relate to the sale or disposal of service equipment during the first half of 2006.

Income taxes:

The total income tax expense for the six months ended June 30, 2006 totalled \$637,438 as compared to \$103,581 in the corresponding period of 2005. At the expected combined rate of 32.1%, net earnings before income taxes for the sixth months ended June 30, 2006 of \$1,905,030 would have resulted in an income tax provision of approximately \$612,000 compared to the actual provision booked of \$637,438. There was a reduction of approximately \$252,000 for announced reductions in the federal and provincial corporate tax rates, offset by a provision of \$299,000 for non-deductible and other items for income tax purposes. The increase in the future income tax expense year over year for the six months ended June 30, 2006 is further impacted by the conversion to a partnership structure resulting in the deferral of income tax to future periods. The current tax expense relates entirely to Canada Tech Corp which is currently taxable and is not included in the partnership structure at this time.

SUMMARY OF QUARTERLY RESULTS

The following table presents the unaudited selected financial data for each of the last eight quarters of the Corporation ended June 30, 2006.

(Expressed in thousands of \$'s, except per share amounts)

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	2006	2006	2005	2005	2005	2005	2004	2004
Revenue	\$11,644	\$19,000	\$15,155	\$8,864	\$4,050	\$5,836	\$4,475	\$2,355
Net earnings (loss)	(781)	2,048	1,025	992	(428)	564	477	(260)
Per share – basic	(0.02)	0.05	0.03	0.03	(0.01)	0.02	0.02	(0.01)
Per share - diluted	(0.02)	0.05	0.03	0.03	(0.01)	0.02	0.02	(0.01)

Seasonality and Weather:

The Company's operations are carried on in western Canada. The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Company's slowest time, and as such the operating results of the Company will vary on a quarterly basis.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2006 the Corporation had negative working capital of \$0.5 million as compared to the working capital at December 31, 2005 of \$ 1.8 million. The reason for the reduction in the working capital is a result of the demand features that is attached to the debt facilities. Under Canadian GAAP any debt that contains a demand feature is required to be classified as a current liability, notwithstanding the fact that the debt is being repaid on a long term basis. During the six months ended June 30, 2006 the Corporation utilized its existing credit facilities to acquire capital assets under its previously announced capital budget which has increased the current liabilities as at June 30, 2006.

In addition, on July 27, 2006, the Corporation executed a \$35 million credit facility agreement. The facility consists of a demand operating credit line of \$10 million, an extendible revolving capital acquisition facility of up to \$20 million to finance corporate and internal growth and a \$5 million lease line. The extendible revolving capital acquisition facility of up to \$20 million requires no principal payments during the term and the facility expires on July 26, 2006 renewable at the lenders option, for an additional 364 day period. If not renewed, the facility is repayable over a period of three years. Upon entering into this agreement all of the outstanding callable term debt at June 30, 2006 was refinanced under the extendible revolving capital facility. This will allow the Corporation more flexibility with its cash flow and to continue to execute its growth plans. All covenants of both the existing and the new banking facility were satisfied at June 30, 2006. The Corporation does not anticipate any covenant issues restricting its future operating, investing or financing activities.

Future cash requirements will be met through funds from operations, bank financing or the issuance of equity as available. The Board of Directors, in conjunction with management, will determine the appropriate course of action as conditions dictate. Management considers the resources available sufficient to fund IROC's existing commitments and working capital requirements for at least the next year

IROC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favourable terms. Also, if IROC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of IROC will suffer a dilution of their interest.

CAPITAL EXPENDITURES

Capital expenditures for the six months ended June 30, 2006 were \$9.4 million, which included \$1.5 million for deposits on assets under construction, as compared to \$6.0 million for the comparable period of 2005. These expenditures were financed using cash from operations and debt financing with the addition of several small capital leases. The following is summary of the various capital expenditures incurred during the first six months of 2006:

- \$ 6.4 million for service rigs and related equipment;
 - 1.2 million for rental and fishing services equipment;
 - 0.7 million for heavy equipment in environmental services segment ;
 - 0.6 million for downhole tools manufacturing and development;
 - 0.2 million for communication and monitoring assets ; and
 - 0.4 million for other ancillary operating equipment and infrastructure costs.
- \$ 9.5 million

The largest expenditures were for the continued acquisition and construction of service rigs and related equipment. Capital expenditures were also incurred for the continued development of communication assets in our communications group as demand grows for these services. The start up of Aero Rentals and Fishing Services division continues with assets being purchased during the second quarter of 2006 which is expected to continue through the remainder of the year. Assets in the Aero Rentals and Fishing division are expected to be deployed to the field and begin contributing positively to operations in the fourth quarter of 2006. Additions continue in Canada Tech Corp. for the continuing research and development of their industry leading products. The remainder of the capital costs incurred was spread over an array of support equipment.

The current 2006 capital budget totals \$36.0 million dollars, with \$26.6 million dollars expected to be expended during the remainder of 2006. We anticipate that the majority of equipment for the 2006 capital build program will be delivered by the end of the year and be available for use in the winter season assuming no unanticipated delays by suppliers. IROC's capital assets, as a whole, are in new or like new condition due to the rapid expansion of the asset base over the past few years. The service rigs being deployed to the field during the past six months are effectively new and represent a large percentage of the Corporation's overall fixed assets.

OUTSTANDING SHARE DATA

Balance at January 1, 2006	37,389,730
Issued on exercise of options	185,000
Issued on exercise of warrants	284,850
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Balance at August 18, 2006	37,859,580

OFF BALANCE SHEET ARRANGEMENTS

IROC has not entered into any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of its operations or its financial condition.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the period ended June 30, 2006.

CRITICAL ACCOUNTING ESTIMATES

In the opinion of management, the material accounting estimates in the financial statements as contained herein involve property and equipment, stock-based compensation, goodwill, intangible assets, the determination of depreciation and amortization expense and allowance for doubtful accounts receivable.

The value of property and equipment, goodwill and intangible assets are subject to market conditions in the oil and gas industry. Depreciation is determined taking into account the estimated useful lives of assets and their residual values. These estimates could change for a variety of reasons, including, but not limited to, abnormal wear and tear conditions and changes in technology and other economic factors that could result in obsolescence. Such changes could have a material effect on future depreciation expense. A schedule of these estimates is contained in the notes to the audited annual consolidated financial statements.

Stock-based compensation expense, associated with stock options at grant date, is subject to changes in risk-free interest rates and unit price volatility. This estimate may vary due to changes in actual share price.

The Corporation performs credit evaluations of its customers and grants credit based on past payment history, financial conditions and anticipated industry conditions. Customer payments are monitored regularly and an allowance for doubtful accounts provision is established based on specific situations. Given the cyclical nature of the oil and gas industry, these credit risks are subject to change.

CHANGES IN ACCOUNTING POLICIES

During the six months ended June 30, 2006, the Corporation started up Aero Rental and Fishing Services, a division of the IROC Energy Services Partnership. Based on an approved \$7.9 million dollar capital budget, IROC will continue to build out the initial rental inventories from May through August, 2006 and will commence active operations during the third quarter of 2006. Accordingly the Corporation has capitalized the pre-operating expenditures related to the start up of the new business, net of incidental revenues. These expenditures will be deferred and amortized over a period of five years upon commencement of commercial operations expected to occur in the beginning of the fourth quarter of 2006.

FINANCIAL INSTRUMENTS

IROC's financial instruments consist of accounts receivable, an operating line of credit, long-term debt and accounts payable and accrued liabilities. There are no significant differences between the carrying values of these financial instruments and their estimated fair values. Of IROC's financial instruments, only its accounts receivable represents credit risk. Management views the credit risks with its customers as normal for the industry.

NON-GAAP MEASURES

The financial statements have been prepared in accordance with GAAP. Certain supplementary information and measures not recognized under GAAP are provided where Management believes they assist the reader in understanding IROC's results. These measures include:

1. EBITDA - EBITDA is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is not a recognized measure under GAAP. Management believes, however, that EBITDA is provided as a measure of operating performance without reference to financing decisions and income tax impacts, which are not controlled at the operating management level. Accordingly, management believes EBITDA is a useful measure for prospective investors in evaluating the financial performance of the Corporation, and specifically, the ability of the Corporation to service the interest on its indebtedness. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net income determined in accordance with GAAP as an indicator of the Corporation's performance. IROC's method of calculating EBITDA may differ from those of other companies, and accordingly, EBITDA may not be directly comparable to measures used by other companies.

The following is a reconciliation of EBITDA to net income:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2006</u>	2005	<u>2006</u>	2005
Net Income (loss)	(\$780,515)	(\$428,132)	\$1,267,592	\$136,126
Add:				
Depreciation and amortization	1,344,781	653,874	2,756,380	1,277,217
Interest on long-term debt	165,844	91,529	331,817	155,438
Interest and accretion on debentures	235,835	0	471,670	0
	965,945	317,271	4,827,459	1,568,781
Income taxes:				
Current	(104,095)	16,302	232,000	16,302
Future	(529,428)	(204,827)	405,438	87,279
EBITDA	332,422	128,746	5,464,897	1,672,362

BUSINESS RISKS

The general risk factors associated with IROC's business and operations are as follows:

OPERATIONAL RISKS

Demand and prices for IROC's products and services depend upon the level of activity in the Canadian oil and gas exploration and production industry which in turn depends on the level of oil and gas prices, expectations about future oil and gas prices, the cost of exploring for, producing and delivering oil and gas, the discovery rate of new oil and gas reserves, available pipeline and other oil and gas transportation capacity, worldwide weather conditions, political, military, regulatory and economic conditions and the ability of oil and gas companies to raise capital. The level of activity in the Canadian oil and gas exploration and production industry has been volatile. No assurances can be given that current levels of oil and gas exploration and production activities will continue or that demand for the Corporation's services will continue to reflect the level of activity in the industry generally. Industry conditions will continue to be influenced by numerous factors over which the Corporation will have no control. Prices for oil and gas are expected to continue to be volatile and to affect the demand for and pricing of the Corporation's products and services. A material decline in oil or gas prices or Canadian industry activity could have a material adverse affect on the Corporation's business, results or operations and prospects.

The Corporation's operations are subject to hazards inherent in the oilfield service industry, such as explosions, fires and spills that can cause personal injury or loss of life, damage to or destruction of property, equipment and the environment and suspension of operations. In addition, claims for loss of oil and gas production, damage to formations, damage to facilities and business interruptions can occur. While the Corporation

maintains insurance coverage that it believes to be adequate and customary in the industry there can be no assurances that insurance proceeds will be available or sufficient or that IROC will be able to maintain adequate insurance in the future at rates considered reasonable. The single occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by the Corporation could have a material adverse effect on the Corporation's business, results of operation and prospects.

ENVIRONMENT

All phases of IROC's business could be affected by changes to environmental legislation and regulations in the various jurisdictions in which the Corporation operates. While the Corporation expects that environmental legislation is evolving in a manner, which will enhance the value of the Corporation's products and services, there can be no assurances that such changes to existing legislation will occur.

COMPETITION

The oilfield service industry is highly competitive and there are a number of other oilfield service companies, which have greater technical ability and greater financial resources than IROC. There are no assurances that IROC will be able to compete with these other companies.

FOREIGN OPERATIONS

A significant amount of Canada Tech's sales are to international customers. International sales are subject to inherent risk, including variations in local economies, fluctuating exchange rates, greater difficulty in collection of accounts receivable, changes in tariffs and other trade barriers, adverse foreign talks, tax consequences and burdens of complying with a variety of foreign laws. Canada Tech may also encounter exchange rate risk in the event that international sales are denominated in currency other than Canadian dollars.

The Corporation's financial results are reported in Canadian dollars. A significant portion of Canada Tech's revenue and accounts receivables are frequently denominated in currencies other than the Canadian dollar. Fluctuations in the exchange rate between these other currencies and the Canadian dollar could reduce the Corporation's reported revenue, increasing the Corporation's costs or give rise to a change related to foreign currency transactions, all of which could materially effect operating results.

DISCLOSURE CONTROLS

In accordance with Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Corporation's President and Chief Executive Officer and Chief Financial Officer have designed, or have caused to be designed under their supervision, disclosure controls and procedures. The President and Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the Corporation's disclosure controls and procedures as at June 30, 2006, have concluded that the Corporation's disclosure controls and procedures provide reasonable assurance that (i) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed summarized and reported within the time periods specified in the provincial and territorial securities legislation; and (ii) material information relating to the Corporation is accumulated and communicated to the Corporation's management, including the President and Chief Executive Officer and the Chief Financial Officer, in a timely manner.

OUTLOOK

IROC has not experienced a slow down in demand for most of its services, outside of normal seasonal factors. Current natural gas prices reflect the historically high North American natural gas storage levels and have caused declines in natural gas prices in the last six months. Accordingly, some delays and/or budget reductions in oil and gas producers drilling and production programs have occurred, which have negatively affected our results posted by our Safety and Monitoring divisions. Management expects that there will be slightly lower than expected industry activity in the near term drilling activities of producers in shallow gas related exploration.

The commodity pricing outlook has changed significantly as we head into the second half of 2006. Natural gas, which has been the main driver behind activity, has gone through a period of reduced demand due to a number of factors. These reduced prices have caused some producers to review their capital spending on natural gas drilling activities and adjust activities and spending toward oil exploration and production. On the positive side of the equation oil prices remain high, declines dictate continued activity, the financial condition of the industry remains strong and predictions for continued strong activity remain in place.

Management at IROC intends to continue growing the Corporation organically to reduce the risks associated with the current environment; however, we continue to evaluate opportunities that represent a strategic fit to our current or future product lines. Our capital expenditure plan remains intact as we enter second half of the year. New equipment meets industry standards and regulations, helps attract personnel to our company and leaves us with an operating advantage from a cost perspective during the next few years.

Consolidated Financial Statements of

IROC SYSTEMS CORP.

Three and six months ended June 30, 2006 and 2005

IROC SYSTEMS CORP.

Consolidated Balance Sheets

(Unaudited)

	June 30, 2006	December 31, 2005
Assets		
Current assets:		
Cash	\$ 710	\$ 187,624
Accounts receivable	12,643,879	14,113,971
Inventory	2,965,700	1,774,917
Prepaid expenses and deposits	2,371,757	752,739
Income taxes recoverable	—	177,743
	<u>17,982,046</u>	<u>17,006,994</u>
Property and equipment	41,310,804	35,603,936
Intangible assets (note 3)	6,061,273	6,283,771
Goodwill	7,050,484	7,050,484
	<u>\$72,404,607</u>	<u>\$65,945,185</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Operating line of credit	\$ 6,155,842	\$ 1,452,646
Accounts payable and accrued liabilities	5,063,554	5,770,933
Income taxes payable	54,257	—
Callable term debt (note 4)	6,019,279	6,945,608
Current portion of long-term debt	1,231,131	1,012,394
	<u>18,524,063</u>	<u>15,181,581</u>
Long-term debt	3,103,999	3,146,583
Deferred revenue	—	216,276
Debentures	6,169,450	5,977,780
Future income taxes	1,481,572	1,076,134
Shareholders' equity:		
Share capital (note 5)	37,298,106	36,118,511
Warrants (note 5 (e))	836,665	1,150,000
Contributed surplus (note 5 (d))	1,472,813	827,973
Retained earnings	3,517,939	2,250,347
	<u>43,125,523</u>	<u>40,346,831</u>
Subsequent event (note 4)		
	<u>\$72,404,607</u>	<u>\$65,945,185</u>

See accompanying notes to the interim consolidated financial statements.

Approved on behalf of the Board:

<u>"Tom Alford"</u>	Director
<u>"Brian Neeland"</u>	Director

IROC SYSTEMS CORP.

Consolidated Statements of Earnings and Retained Earnings

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Revenue	\$11,643,922	\$ 4,050,127	\$30,643,953	\$ 9,886,126
Expenses:				
Operating	8,819,417	3,144,536	20,745,391	6,851,033
General and administrative	2,439,494	896,030	4,428,604	1,515,719
Interest on long-term debt	165,844	91,529	331,817	155,438
Interest and accretion on debentures	235,835	—	471,670	—
Depreciation and amortization	1,344,781	653,874	2,756,380	1,277,217
Gain on disposal of equipment	(7,435)	(119,185)	(35,679)	(152,988)
Foreign exchange loss	60,024	—	40,740	—
	13,057,960	4,666,784	28,738,923	9,646,419
Earnings (loss) before income taxes	(1,414,038)	(616,657)	1,905,030	239,707
Income taxes (recovery):				
Current	(104,095)	16,302	232,000	16,302
Future	(529,428)	(204,827)	405,438	87,279
Net earnings (loss)	(780,515)	(428,132)	1,267,592	136,126
Retained earnings at beginning of period	4,298,454	661,134	2,250,347	96,876
Retained earnings at end of period	\$ 3,517,939	\$ 233,002	\$ 3,517,939	\$ 233,002
Earnings (loss) per share:				
Basic	\$ (0.02)	\$ (0.01)	\$ 0.03	\$ 0.00
Diluted	\$ (0.02)	\$ (0.01)	\$ 0.03	\$ 0.00
Weighted average number of shares outstanding:				
Basic	37,850,981	30,075,874	37,704,318	28,566,218
Diluted	38,634,645	30,597,540	38,666,179	29,087,884

See accompanying notes to the interim consolidated financial statements.

IROC SYSTEMS CORP.

Consolidated Statements of Cash Flow

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Cash provided by (used in):				
Operations:				
Net earnings (loss)	\$ (780,515)	\$ (428,132)	\$ 1,267,592	\$ 136,126
Items not affecting cash:				
Depreciation and amortization	1,344,781	653,874	2,756,380	1,277,217
Future income taxes (recovery)	(529,428)	(204,827)	405,438	87,279
Stock-based compensation	400,776	43,974	663,309	66,381
Non-cash accretion on debentures	95,835	—	191,670	3,095
Gain on disposal of property and equipment	(7,435)	(119,185)	(35,679)	(152,988)
Other	—	5,000	—	10,000
	524,014	(49,296)	5,248,710	1,427,110
Changes in non-cash working capital balances	4,307,451	889,234	(557,114)	(1,891,204)
	4,831,465	839,938	4,691,596	(464,094)
Investing:				
Purchase of property and equipment	(5,018,218)	(3,071,724)	(9,456,727)	(5,985,361)
Proceeds on sale of property and equipment	30,000	196,581	109,908	249,130
Intangible asset expenditures	(262,987)	—	(332,502)	—
Cash related to business combinations	—	—	—	160,521
	(5,251,205)	(2,875,143)	(9,679,321)	(5,575,710)
Financing:				
Operating line of credit	257,304	(310,597)	4,703,196	1,351,130
Issue of common shares	212,875	77,900	847,791	86,750
Proceeds of capital lease obligations	657,851	—	714,331	—
Issue of callable term debt	—	2,390,650	—	5,189,618
Repayment of obligations under capital lease	(246,863)	(25,087)	(538,178)	(49,769)
Repayment of callable term debt	(461,427)	(387,148)	(926,329)	(555,928)
	419,740	1,745,718	4,800,811	6,021,801
Decrease in cash	—	(289,487)	(186,914)	(18,003)
Cash at beginning of period	710	322,055	187,624	50,571
Cash at end of period	\$ 710	\$ 32,568	\$ 710	\$ 32,568

See accompanying notes to consolidated financial statements.

IROC SYSTEMS CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2006 and 2005
(Unaudited)

1. Basis of presentation:

IROC Systems Corp. (the "Corporation") is a Canadian corporation supplying equipment and personnel to oil and gas contractors and producers. The Safety, Monitoring, and Communication Services segment includes the provision of on-site safety and communication personnel and equipment and remote data monitoring using IROC's S.M.A.R.T. system and downwind monitoring technology. The Well Servicing segment comprises the operations of Eagle Well Servicing which includes the contracting of well servicing equipment and the provision of personnel required to operate the equipment. The Environmental Services segment comprises the operations of Envirocore which includes the provision of personnel and equipment in connection with lease construction, remediation, reclamation and abandonment of oil industry related sites. The Downhole tools segment develops, manufactures and markets a wide line of tools and systems that measure pressures and temperatures in the downhole and surface environment of oil and gas wells.

These interim unaudited consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles for interim financial statements and follow the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2005 except as noted below. The disclosures provided below are incremental to those included in the annual consolidated financial statements such that these interim financial statements and the notes thereto should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2005 contained in the Corporation's 2005 annual report.

Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end and the results of operations for the interim periods shown in these statements are not necessarily indicative of results to be expected for the fiscal year. In the opinion of management, the accompanying unaudited interim consolidated financial statements include all adjustments necessary to present fairly the consolidated results of the Corporation's operations and cash flows for the three and six months ended June 30, 2006 and 2005.

Research and development costs:

The Corporation invests resources in the development of improved and new products, which are expensed in the year incurred. These expenditures qualify for research and development investment tax credits. These credits are estimated annually and are reflected as a reduction of product development expenses.

IROC SYSTEMS CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2006 and 2005
(Unaudited)

2. Seasonality:

The Corporation's operations are carried on in western Canada. The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Corporation's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Corporation's slowest time, and as such the operating results of the Corporation will vary on a quarterly basis.

3. Intangible assets:

Intangible assets consist of the following:

			June 30, 2006	December 31, 2005
	Cost	Accumulated amortization	Net book value	Net book value
Intangible assets	\$ 6,484,372	\$ 771,042	\$ 5,713,330	\$ 6,261,663
Deferred financing costs	26,552	11,111	15,441	22,108
Pre-operating expenditures	332,502	—	332,502	—
	\$ 6,843,426	\$ 782,153	\$ 6,061,273	\$ 6,283,771

The intangible assets are comprised primarily of customer lists, patents, trademarks, non-competition agreements and development costs on products which were acquired as part of business acquisitions completed during fiscal 2005.

The deferred financing costs, net of the related future income tax benefits, consists of a commission paid in connection with the issue of debentures during fiscal 2005 and is being amortized over 3 years representing the term of the debentures.

The pre-operating expenditures relate to the start-up of a new business and are recorded at cost, net of incidental revenues. These expenditures will be deferred and amortized over a period of five years upon commencement of commercial operations of the related business venture. As at June 30, 2006 the Corporation has not amortized any balance as commercial operations have not been established.

IROC SYSTEMS CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2006 and 2005
(Unaudited)

4. Callable term debt:

On July 27, 2006, the Corporation executed a \$35 million credit agreement. The facility consists of a demand revolving operating credit line of \$10 million bearing interest at prime plus 0.75%, an extendible demand revolving acquisition facility of up to \$20 million bearing interest at prime plus 1.0%, and a \$5 million lease line bearing interest at various rates depending on the term of the lease entered into. All three facilities are secured by a general assignment of book debts and a general security agreement covering all of the assets of the Corporation and its subsidiaries. The extendible demand revolving acquisition facility of up to \$20 million requires no principal payments during the term and the facility expires on July 26, 2006 renewable at the lenders option, for an additional 364 day period. If not renewed, the facility is repayable over a period of three years.

Upon entering into this agreement all of the outstanding callable term debt at June 30, 2006 was refinanced under the extendible demand revolving acquisition facility.

5. Share capital:

(a) Authorized:

Unlimited number of voting common shares without nominal or par value

(b) Issued:

	Number	Amount
Balance at December 31, 2005	37,389,730	\$36,118,511
Issued on exercise of options	185,000	154,135
Issued on exercise of warrants	284,850	1,025,460
Balance at June 30, 2006	37,859,580	\$37,298,106

IROC SYSTEMS CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2006 and 2005
(Unaudited)

5. Share capital (continued):

(c) Stock options:

Changes in the number of common shares under option during the six month period ended June 30, 2006 are summarized as follows:

	Number of options	Weighted average exercise price
Total options outstanding, December 31, 2005	1,515,666	\$ 1.95
Granted	745,000	3.83
Exercised	(185,000)	0.73
Cancelled	—	—
Outstanding, June 30, 2006	2,075,666	\$ 2.73
Exercisable at June 30, 2006	859,000	\$ 2.10

The average fair value of options issued during the six months ended June 30, 2006 was \$1.91 per option using the Black-Scholes option pricing model.

(d) Contributed surplus:

The Corporation recorded stock-based compensation expense and contributed surplus of \$663,309 (2005 - \$66,381) for the six months ended June 30, 2006. Contributed surplus was reduced and share capital was increased by \$18,469 (2005 - \$1,115) for options that were exercised during the six months ended June 30, 2006.

(e) Warrants:

At June 30, 2006 there were 765,150 (2005 – nil) warrants remaining outstanding entitling holders to purchase common shares of the Corporation at an exercise price of \$2.50 per share exercisable until September 12, 2007 and \$2.70 per share thereafter until maturity. The value of the warrants was reduced and share capital was increased by \$313,335 (2005 – nil) for warrants converted during the six months ended June 30, 2006 representing the fair value assigned to the warrants at the date of issue.

IROC SYSTEMS CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2006 and 2005
(Unaudited)

6. Supplemental cash flow information:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Interest paid	\$ 334,459	\$ 91,529	\$ 720,493	\$ 155,438

7. Segmented information:

As at June 30, 2006 the Corporation operates in four main operating segments, which are substantially in one geographic segment. The Safety, Monitoring, and Communication Services segment includes the provision of on-site safety and communication personnel and equipment and remote data monitoring using IROC's S.M.A.R.T. system and downwind monitoring technology. The Well Servicing segment comprises the operations of Eagle Well Servicing which includes the contracting of well servicing equipment and the provision of personnel required to operate the equipment. The Environmental Services segment comprises the operations of Envirocore which includes the provision of personnel and equipment in connection with lease construction, remediation, reclamation and abandonment of oil industry related sites. The Downhole tools segment develops, manufactures and markets a wide line of tools and systems that measure pressures and temperatures in the downhole and surface environment of oil and gas wells.

Three months ended June 30, 2006	Safety Monitoring Communications	Well Servicing	Environmental Services	Downhole Tools	Total
Revenue	\$ 1,332,292	\$ 5,771,325	\$ 1,712,861	\$ 2,827,444	\$11,643,922
Earnings (loss) before taxes	(288,057)	(201,783)	(378,931)	(545,267)	(1,414,038)
Depreciation and amortization	233,527	626,369	201,913	282,972	1,344,781
Capital expenditures*	1,438,656	2,728,303	629,301	221,958	5,018,218
Total assets	6,606,832	39,261,231	9,415,205	17,121,339	72,404,607
Goodwill	431,924	-	1,339,571	5,278,989	7,050,484

* Does not include property and equipment acquired on business acquisitions.

Three months ended June 30, 2005	Safety Monitoring Communications	Well Servicing	Environmental Services	Downhole Tools	Total
Revenue	\$ 1,228,114	\$ 2,128,257	\$ 693,756	\$ -	\$ 4,050,127
Earnings (loss) before taxes	(491,127)	(167,185)	41,655	-	(616,657)
Depreciation and amortization	256,802	379,900	17,172	-	653,874
Capital expenditures*	399,810	2,668,237	3,677	-	3,071,724
Total assets	8,684,145	21,061,955	1,211,928	-	30,958,028
Goodwill	431,924	-	1,339,571	-	1,771,495

* Does not include property and equipment acquired on business acquisitions.

IROC SYSTEMS CORP.

Notes to Consolidated Financial Statements

Three and six months ended June 30, 2006 and 2005
(Unaudited)

7. Segmented information (continued):

Six months ended June 30, 2006	Safety Monitoring Communications	Well Servicing	Environmental Services	Downhole Tools	Total
Revenue	\$ 4,395,240	\$ 15,666,890	\$ 4,773,523	\$ 5,808,300	\$30,643,953
Earnings (loss) before taxes	(341,913)	2,788,080	(524,680)	(16,457)	1,905,030
Depreciation and amortization	482,159	1,185,863	397,545	690,813	2,756,380
Capital expenditures*	1,755,956	6,434,392	692,492	573,888	9,456,727
Total assets	6,606,832	39,261,231	9,415,205	17,121,339	72,404,607
Goodwill	431,924	—	1,339,571	5,278,989	7,050,484

* Does not include property and equipment acquired on business acquisitions.

Six months ended June 30, 2005	Safety Monitoring Communications	Well Servicing	Environmental Services	Downhole Tools	Total
Revenue	\$ 3,405,475	\$ 5,152,608	\$ 1,328,043	\$ —	\$ 9,886,126
Earnings (loss) before taxes	(79,251)	266,821	52,137	—	239,707
Depreciation and amortization	448,125	803,973	25,119	—	1,277,217
Capital expenditures*	975,169	5,005,295	4,897	—	5,985,361
Total assets	8,684,145	21,061,955	1,211,928	—	30,958,028
Goodwill	431,924	—	1,339,571	—	1,771,495

* Does not include property and equipment acquired on business acquisitions.

8. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

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CORPORATE HEADQUARTERS

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Canadian Western Bank
Red Deer, Alberta

AUDITORS

KPMG LLP
Chartered Accountants
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LEGAL COUNSEL

McCarthy Tetrault LLP
Barristers & Solicitors
Calgary, Alberta

TRANSFER AGENT

Computershare Investor Services
Calgary, Alberta

TRADING INFORMATION

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DIRECTORS

Brian D. Neeland
Director and Chairman of the Board

Thomas M. Alford
Director

Stuart Watson
Director

William Austin
Director

Jamie Biluk
Director

Grant Fagerheim
Director

Newton (Trey) Wilson, III
Director

OFFICERS

Thomas M. Alford
President and Chief Executive Officer

Kevin W. Howell, CA
Chief Financial Officer

Timothy J. Sebastian
Corporate Secretary

