



# 2008 THIRD QUARTER REPORT

(UNAUDITED)

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**TSX: ISC**

**SEPTEMBER 30, 2008**

*Partnerships*  
in HEALTH and SAFETY

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## P R O F I L E

IROC Energy Services 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, through the IROC Energy Services Partnership and its wholly-owned subsidiary companies. We remain committed to the principle that has driven our business from day one: to consistently address the complex and ever changing needs of the oilfield service business by providing innovative, industry leading solutions through innovative thinking, quality equipment and highly trained personnel. The Corporation operates in two main segments as follows:

**Drilling and Production Services** which includes:

- Well servicing rigs and equipment
- Oilfield rental equipment and services
- Lease building and road construction

**Technology Services** which includes:

- Manufacture of downhole pressure and temperature measurement tools
- Safety and air monitoring services
- Remote communication products and services



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

Dear Shareholders,

Led by strong performance in our Canada Tech division and our Eagle Well Servicing division continuing to exceed expectations, IROC Energy Services posted impressive gains both in revenue and EBITDAS during the third quarter of 2008. During the quarter the Corporation was able to substantially strengthen its balance sheet through the disposition of the Mission Drilling division assets, thereby providing greater flexibility in a time of uncertainty in our business. The benefits to the Corporation of this disposition will be seen over coming quarters as the capital that was made available as a result of the transaction is invested into the divisions of our business that provide greater potential returns for our shareholders. In addition, a number of our businesses have been positively impacted over the last quarter with the rising US dollar providing a cushion for commodity prices in the Western Canada Sedimentary Basin ("WCSB"). Specifically, the direct benefits of the rising US dollar for our Canada Tech division are significant since exports based on the US dollars from that division comprise approximately 65% of their revenues. We expect that the increasing US dollar and the cushion that it provides for commodities in Canadian dollar terms will help fuel the continuing growth of oil and gas plays in both Saskatchewan and British Columbia.

During the quarter, the Corporation undertook a full strategic review of its assets and operations. The first action taken was to sell our drilling assets after considering the deteriorating drilling environment in the WCSB which had resulted in the inability of the division to provide an adequate return on capital invested. This transaction, with gross proceeds to IROC of \$33.7 million, of which \$8.1 million was received after the end of the quarter, left the Corporation with net debt of \$11.9million at quarter end, thereby providing the Corporation the opportunity to continue to grow its core businesses. Our balance sheet remains strong with total credit facilities available of \$75.5 mm, strong cash flow over recent quarters, a business that is significantly levered to producing oil assets in Western Canada and a rapidly improving environment for our downhole tool operations. While the strategic review continues, further action has not been determined.

In September, Eagle Well Servicing took delivery of the first rig pursuant to our previously announced six rig build program. For the most part the additional equipment from our rig build program will be deployed in South-East Saskatchewan and we hope to be operating eight rigs in the area by the end of this year. From a standing start in the second quarter, Eagle has already been able to establish a strong presence in South-East Saskatchewan, providing new equipment and technologies designed to meet the expanding needs of oil and gas operators in the area. With the integration of the remaining assets expected under our capital program we expect to have a fleet of thirty-six rigs as we enter 2009.

Aero Rentals has been more consistent in its monthly revenues, providing positive contributions in each month in the quarter. We continue to see our rental division as a valuable part of our business with the potential to provide growth for years to come. The current environment is well suited to acquiring equipment to build our rental inventory as we strive to meet the demands of our customers in Western Canada.

Our Envirocore division enjoyed the benefit of increased activity in North-Eastern British Columbia ("NEBC") through the emergence of the Montney and Horn River resource plays and the preferred operating environment in British Columbia as compared to Alberta. Record revenues for the division were achieved during the quarter with no additions to equipment inventories; a reflection of the efficiency that has been developed by this group over the past 3 years.

Canada Tech, our downhole tool division, continued to see better market penetration, achieved manufacturing efficiencies and continues to introduce next generation products into the field. Record revenues of \$5.0 mm for the quarter were posted and increases in operating margins were also achieved. The unexpected rapid increase of the US dollar since the end of the quarter provides a tremendous boost for this business in the near term as a number of adjustments had been made based on the CDN dollar remaining at or near par over the longer term.

The benefit accruing to Canada Tech from the US dollar movement along with the increasing and more consistent revenues of the past few months are expected to be reflected over the next few quarters.

Oricomm continues to feel the effects of the general downturn in gas drilling and related activities in the WCSB. Management has continued to cut costs and monitor future opportunities that will allow this group to take advantage of its potential created by the superior technologies that have been developed. The communications segment of the division continues to integrate its products and services into our other product offerings, providing differentiation in a competitive market.

As discussed above, the most significant event of the quarter took place in September with the sale of our Mission Drilling division assets for cash consideration of \$33.7 million. The current operating environment for drilling businesses in the WCSB is such that we were unable to generate appropriate returns from these assets. Accordingly, we determined that it was in the best interest of the Corporation as a whole to realize on these underperforming assets. We sold the assets to a contractor who will likely utilize the assets in their international operations, which again provides further comment on the state of drilling activity in Alberta. It is important to point out that with the disposition of the underperforming drilling assets and the corresponding reduction of our debt by well over 40% since the prior year end, the Corporation finds itself with a strong balance sheet with a great deal of flexibility to either consider acquisitions or continue our internal growth program in our core businesses.

We exited the second quarter with a great deal of optimism regarding the pending activity in the WCSB as commodity pricing was high and was driving plans for significantly increased expenditures in the basin. Additionally the expansion of activity in the Bakken resource play in SE Saskatchewan and in the natural gas shale projects in NE British Columbia meant the resulting equipment and personnel requirements should have been substantial going forward for the next few quarters. However, with the spectacular drop in commodities pricing and the credit crisis that is gripping the world, the optimism that was so prevalent has faded. Despite this change in the operating environment, we believe that IROC is very well positioned to benefit in both the short and longer term for the following reasons.

Production work will continue to go forward with in excess of 225,000 producing wells in Western Canada, the rapid decline of the CDN dollar provides increased margin in Canada Tech specifically, the international markets continue to demand more equipment and services, and the reduced activity combined with the inexorable declines faced in the business will mean an inevitable return to increased activity sooner than many expect. Our core business, Eagle Well Servicing, has shown that it is very competitive in the market place with industry leading utilization, new equipment and competent personnel across its fleet of 31 service rigs, with an additional 5 rigs to be deployed to the field before year-end. The impact of reduced exploration programs is obvious but we believe that our segment of the oilfield services industry will be affected less by the reductions than other segments. We have financial and operational capability that will not only allow us to survive the next few quarters but in fact thrive in this environment.

The public markets are not currently a proper indication of the value being created by our Corporation. Small public companies like ours have been punished severely across the board, whether warranted or not. While this remains a concern of IROC's management and our board of directors, we are committed to continue with our plan that has allowed us to continually post higher revenues and EBITDAS through periods of both high and low activity. By any historic measure our equity is under priced in the market considering our premium quality assets, our strong balance sheet and strong cash flows. During the quarter we took a significant step towards realizing value for our shareholders and we will continue to do so when opportunities present themselves. We thank our shareholders for their continued support of our Corporation.

Respectfully submitted,



Thomas M. Alford  
IROC Energy Services Corp.  
President and CEO



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

(Expressed in thousands of dollars, except per share amounts)

	<u>For the 3 months ended Sept. 30,</u>			<u>For the 9 months ended Sept. 30,</u>		
	<i>(Unaudited)</i>		<b>% Change</b>	<i>(Unaudited)</i>		<b>% Change</b>
	<b>2008</b>	2007		<b>2008</b>	2007	
Revenue - continuing operations	<b>\$22,488</b>	\$17,773	<b>27%</b>	<b>\$56,612</b>	\$51,497	<b>10%</b>
Operating costs	<b>13,827</b>	10,818	<b>28%</b>	<b>36,369</b>	31,349	<b>16%</b>
Gross margin	<b>8,661</b>	6,955	<b>25%</b>	<b>20,243</b>	20,148	<b>0%</b>
Gross margin %	<b>39%</b>	39%	<b>0%</b>	<b>36%</b>	<b>39%</b>	<b>-8%</b>
General and administrative expenses	<b>2,529</b>	2,457	<b>3%</b>	<b>7,231</b>	7,629	<b>-5%</b>
EBITDAS - continuing operations <sup>(1)</sup>	<b>6,132</b>	4,498	<b>36%</b>	<b>13,012</b>	12,519	<b>4%</b>
Per share diluted	<b>0.14</b>	0.10	<b>40%</b>	<b>0.29</b>	0.29	<b>0%</b>
Net earnings - continuing operations	<b>2,673</b>	468	<b>471%</b>	<b>2,389</b>	909	<b>163%</b>
Per share diluted	<b>0.06</b>	0.01	<b>500%</b>	<b>0.05</b>	0.02	<b>156%</b>
Net earnings	<b>286</b>	369	<b>-22%</b>	<b>826</b>	1,945	<b>-58%</b>
Per share diluted	<b>0.01</b>	0.01	<b>0%</b>	<b>0.02</b>	0.04	<b>-59%</b>
Number of shares outstanding						
Basic	<b>44,304,504</b>	44,251,080	<b>0%</b>	<b>44,285,624</b>	43,164,377	<b>3%</b>
Diluted	<b>44,324,122</b>	44,336,011	<b>0%</b>	<b>44,446,091</b>	43,273,275	<b>3%</b>

(1) Refer to the "NON-GAAP MEASURES" section for details.

This Management's Discussion and Analysis (MD&A), dated November 6, 2008, focuses on key statistics from the consolidated financial statements of IROC Energy Services Corp. ("IROC" or the "Corporation") for the three and nine months ended September 30, 2008 as compared to the three and nine months ended September 30, 2007, 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 nine months ended September 30, 2008 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. 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; 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 "**Business Risks**".

## **OVERALL PERFORMANCE**

IROC is pleased to report strong revenue and EBITDAS from continuing operations for the third quarter of 2008. Higher customer demand from significant improvements in natural gas and oil commodity pricing through the first nine months of the year strengthened fundamentals for producers in terms of cash flows and as such many producers accelerated programs providing for a strong third quarter of activity. Natural gas activities have historically represented the bulk of activities in Western Canada and this trend will continue. Natural gas prices and the development of unconventional resource properties by operators needing to address reserve replacement generated renewed optimism among oilfield service providers in Western Canada in demand for equipment and the corresponding pricing trends in the quarter. Commodity prices for both natural gas and oil were at very high levels during the quarter and many oil and gas producers appeared to be accelerating their plans for drilling, positively impacting the industry during the quarter.

Late in the third quarter, management and the board of directors decided to sell the Mission Drilling division assets for cash consideration of \$33.7 million and discontinue contract drilling services. Given the uncertainty and challenges facing the drilling business in Canada since acquiring these rigs in January 2007, IROC was not able to realize the full benefit originally anticipated and unable to generate appropriate returns from these assets. Accordingly, we determined that it was in the best interest of IROC to realize on these underperforming assets. The benefit of selling this division IROC is now able to focus on our core businesses by reducing debt load and reallocating capital spending to support these businesses as needed. Throughout the remainder of this MD&A amounts are presented on a continuing operations basis to more accurately reflect the way in which IROC intends to operate on a continuing basis.

Revenue from continuing operations for the nine months ended September 30, 2008 was \$56.6 million compared to \$51.5 million in the same period in 2007, representing an increase of 10%. IROC's revenue from continuing operations for the three months ended September 30, 2008 increased 27%, to \$22.5 million from \$17.8 million in the same period in 2007. Revenue increases year over year for both the three and nine months are a result of additional equipment capacity from internal growth initiatives and increased activity levels in most divisions. Although IROC had additional equipment capacity year over year from the organic build program completed in fiscal 2007, additional revenue growth was higher as a result of improved year over year utilization and higher pricing in our service rig division, coupled with a record quarter for revenues in Canada Tech from product sales.

EBITDAS from continuing operations for the three months ended September 30, 2008 was \$6.1 million or \$0.14 per share compared to \$4.5 million, or \$0.10 per share, in the same three month period of 2007, an increase of 36%. For the nine months ended September 30, 2008 EBITDAS was \$13 million or \$0.29 per share compared to \$12.5 million or \$0.29 per share in the same period of 2007, an increase of 4%. The increase in EBITDAS for the third quarter was driven by high activity levels in our well servicing division and record sales in Canada Tech. Pricing increases in Canada Tech and fuel surcharges in the other division helped to improve margins and profitability overall. EBITDAS for the year to date is partially offset by lower year over year activity levels in our safety and monitoring division, Oricomm, and increased operating costs in all divisions. EBITDAS from continuing operations as a percentage of revenue was 23% for nine months ended September 30, 2008 as compared to 24.3% for the same period of 2007.

The Corporation recorded net earnings from continuing operations of \$2.4 million, or \$0.05 per share, for the nine months ended September 30, 2008 compared to net earnings of \$0.9 million, or \$0.02 per share for the comparable period in 2007. For the three months ended September 30, 2008 IROC recorded net earnings from continuing operations of \$2.7 million or \$0.06 per share compared to \$0.5 million or \$0.01 per share in the comparable period of 2007. The increase in the net earnings for 2008 compared to 2007 is due to higher revenues and operating earnings over the same level of fixed costs leading to the higher earnings. During the quarter net earnings improved from lower interest costs for debt servicing due to significant repayments of debt coupled with improved utilization, pricing and product sales volumes lead to higher earnings during the quarter.

During the second quarter we announced additional expansion of our service rig fleet with the construction of 6 new freestanding double service rigs at a total cost of approximately \$12.6 million. The first of the six rigs was delivered and deployed to the field during September 2008. It is anticipated that delivery of the remaining five rigs will be complete prior to the end of the fourth quarter of 2008 to allow for full deployment of these rigs during the traditionally busy first quarter.

IROC's operations are reported in two segments. The Drilling and Production Services segment includes well servicing, oilfield rental equipment and lease building and road construction product lines. The Technology Services segment includes safety, communications, monitoring and downhole tool product lines. The following is a discussion of the reporting segments in which IROC operates.

### **DRILLING AND PRODUCTION SERVICES**

The Drilling and Production Services segment earned revenue from continuing operations for the three months ended September 30, 2008 of \$16.4 million or 73% of total consolidated revenue for the quarter as compared to the corresponding period in 2007 of \$12.4 million or 70% of total revenue. For the nine months ended September 30, 2008 revenue from Drilling and Production Services segment was \$41.1 million or 73% of total revenue as compared to the same period of 2007 of \$35.1 million or 68% of total revenue. The \$6 million or 17% increase in revenue for the nine months ended September 30, 2008 over the same period in 2007 comes from additional equipment capacity being available during the current year as compared to the same periods of the prior year and year over year improvements in utilization. We continued to exceed industry averages for utilization in the well servicing portion of this segment during the third quarter in comparison to the same quarter in 2007. During the nine months ended September 30, 2008 the Drilling and Production Services segment generated \$13.7 million of EBITDAS compared to \$12.0 million in the same period of 2007, an increase of 15%. For the three months ended September 30, 2008, the Drilling and Production Services segment generated positive EBITDAS of \$5.9 million compared to \$4.5 million in the same period of 2007 an increase of 32%. The increase in EBITDAS for the three month period and the nine month period was due to higher equipment utilization, additional equipment capacity in Aero and Eagle and higher pricing in some areas. Profitability was partially offset by lower margins as a result of higher operating costs.

Eagle Well Servicing ("Eagle"), which comprises a significant portion of the Drilling and Production Services segment, finished the third quarter of 2008 with a fleet of 31 service rigs. The average number of rigs available in Q3 2008 compared to Q3 2007 increased to 30.12 rigs from 26.17 rigs as a result of our organic rig builds through 2007 and continuing in the second half of 2008. Improved revenue per hour was also realized increasing 2% or \$13 per hour from Q3 2007. During the quarter Eagle's utilization was amongst the highest in our peer competitor group of those publicly disclosed. The utilization levels achieved are partially a result of our decision to commence operations in SE Saskatchewan late in the second quarter of 2008 and Eagle exited the third quarter with 4 rigs working in that area with plans to deploy additional rigs into this area as demand warrants. Management also believes our "higher than industry" utilization is driven from having one of the newest fleets of equipment in the industry which translates into higher efficiency for producers. Eagle will continue to increase its capacity by building five additional service rigs during the fourth quarter of 2008 to bring its total fleet of service rigs to 36 by the end of the year. Revenue generated from Eagle during the third quarter was \$12.3 million compared to \$9.3 million in the same period of 2007, an increase of 31%. EBITDAS in the third quarter from Eagle was \$4.8 million compared to \$3.7 million in the same period of 2007, an increase of 28%. EBITDAS during the third quarter and the year to date have been hampered by higher variable operating costs. Eagle continues to be one of our best performing businesses in terms of revenue, profitability and return on capital employed and we expect this trend to continue.

Aero Rental Services ("Aero") provides rental equipment for surface pressure control in drilling and workover operations and tubular handling equipment in the workover, re-entry and completion areas. Aero's results are affected by the level of drilling activity in the industry and, as such, the increased activity during the third quarter brought about by higher commodity prices resulted in higher revenue and profitability in this division. During the third quarter of fiscal 2008 Aero contributed revenue of \$1.3 million compared to \$0.8 million in the prior year period, an increase of 70%. EBITDAS was \$0.3 million for the quarter compared to nil in the same quarter of 2007. Aero was significantly affected by the slower industry activity during 2007 and early 2008 which resulted in equipment utilization at lower levels than expected. The costs in this division are somewhat fixed in nature and as such has led to negative EBITDAS for the periods of low activity. That being said with the increased activity levels and expanded equipment inventories, Aero has generated higher gross margins as

activity ramped up leading to better performance during the third quarter and, accordingly, strengthen the performance the year to date. Aero's goal is to generate stable revenue and earnings streams as we focus on sales and marketing efforts in this division. In order to be competitive and gain market share we must establish and maintain an appropriate equipment base to offer customers. Management is currently evaluating its capital needs for this division for the remainder of the year and expects that the organic growth model employed by Aero should provide favourable year over year results going forward as the business begins to gain traction with customers. It is anticipated that with increased activity levels and expanded equipment inventories, Aero should generate higher gross margins as activity ramps up leading to better performance.

Envirocore continues to focus on internally generated growth initiatives to grow its lease and road construction business. While this division is small in comparison to the other divisions in the Drilling and Production Services segment it continues to produce consistent positive results. The operations of Envirocore, focused primarily in Northeast British Columbia, have been positively impacted by the increased drilling activity in these areas. For the three months ended September 30, 2008, this division generated revenue of \$2.8 million compared to \$2.3 million for the same period in 2007. EBITDAS from Envirocore was essentially the same for both three month periods in 2008 and 2007 at \$0.8 million. Revenues were 3% higher at \$4.8 million during the nine months ended September 30, 2008 compared to \$4.7 million in the same period of 2007. EBITDAS was \$1.1 million for the nine months ended September 30, 2008 compared to \$1.3 million in 2007. Higher variable costs have affected profitability to date, specifically higher fuel costs. This division continues to perform in line with management expectations.

### **TECHNOLOGY SERVICES**

The Technology Services segment generated revenue of \$6.1 million, or 27% of the Corporation's total revenue, for the three months ended September 30, 2008, compared to \$5.4 million or 30% of total revenue for the comparable period of fiscal 2007. For the nine months ended September 30, 2008 revenue from Technology Services segment was \$15.5 million or 27% of total revenue as compared to the same period of 2007 of \$16.4 million or 32% of total revenue. The significant increase in revenues for the third quarter was a result of a record quarter for Canada Tech product sales which offset the continued lower activity in Oricomm. The revenue decrease of \$0.9 million or 6% for the nine month period, over the same three month period of 2007, was generally a result of the lower activity levels in our Oricomm division which was offset by higher product sales within Canada Tech compared to the same period in 2007. For the three months ended September 30, 2008, the Technology Services segment generated positive EBITDAS of \$1.2 million compared to \$0.9 million in the same period of 2007. EBITDAS for the nine months ended September 30, 2008 was \$2.3 million compared to \$3.2 million in the same period of 2007. EBITDAS increase in the third quarter was again as a result of record revenues from Canada Tech for the quarter and the decrease in EBITDAS for the nine month period was generally due to Oricomm experiencing lower activity levels during the quarter while experiencing higher variable operating costs, most notably higher fuel costs.

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. Revenue in the Canada Tech division increased by 34% to \$5 million in the third quarter of 2008 compared to the same period of 2007 and revenue increased 8% for the nine months ended September 30, 2008 compared to 2007. Product sales substantially increased year over year as Canada Tech continues to gain market share in international markets which has helped to offset the reducing North American market demand. In the past year the Canada Tech division has focused significant efforts on developing international market penetration. The international market business generally has longer lead times to complete as the sales process is more complex on all levels, including but not limited to logistics of delivery and collection of receivables. EBITDAS for the three months ended September 30, 2008 was \$1.4 million compared to \$0.6 million in the comparable period of 2007. For the nine months ended September 30, 2008 EBITDAS was \$2.4 million compared to \$2.2 million in the same period of 2007. The primary result of increase EBITDAS is attributable to the higher product sales volume year over year in the third quarter which is magnified by the fact that a good portion of Canada Tech's operating costs are fixed in nature which should result in increased profitability with higher volumes. As the Canadian dollar has recently weakened this may have a positive affect on results in the fourth quarter depending on where the Canadian dollar stabilizes, possibly contributing to higher cash flow and margins during the fourth quarter.

During the first quarter of 2008 we merged the Oricomm and the IROC Safety divisions into one operating division, Oricomm, which is now our communications, monitoring and safety division. The merger was done to address some of the redundant costs and better position the division in terms of operations deployment and sales and marketing efforts. Oricomm generated revenue of \$1 million approximately 17% of the total revenue for the Technology Services segment for the three months ended September 30, 2008 resulting in a negative EBITDAS of \$0.1 million for the quarter. Revenue for the nine months ended September 30, 2008 was \$3.5 million compared to \$5.3 million in the same period of 2007. EBITDAS year to date was \$0.1 million compared to \$1 million in 2007. Low industry activity levels in this segment have persisted through much of the first nine months of 2008. There is a continued focus on marketing efforts in these services to develop new revenue sources from additional customers and increase revenues from existing customers. However, the lower industry activity year over year continues to have a direct impact on the financial results of this division.

### **CORPORATE SERVICES**

IROC's non-operating segment, Corporate Services, captures general and administrative expenses associated with supporting each of the reporting segments operations noted above plus costs associated with being a public company. Included in Corporate Services is interest expense for debt servicing and income tax expense. The impact on EBITDAS from the Corporate Services for the nine months ended September 30, 2008 was a negative \$3.1 million compared to negative \$2.7 million for the comparable period of 2007.

### **RESULTS OF OPERATIONS**

#### **Revenue**

For the three months ended September, 2008, IROC recorded quarterly revenue from continuing operations of \$22.5 million compared to \$17.8 million in the same period of 2007, an increase of \$4.7 million or 27%. Revenue increased to \$56.6 million from \$51.5 million, an increase of 10%, for the nine months ended September 30, 2008 compared to the same period in 2007. The revenue growth is driven primarily from two divisions, Eagle Well Servicing and Canada Tech. Eagle Well Servicing had additional equipment capacity, improved utilization and higher pricing all of which contributed to the increase. Canada Tech posted a record quarter for revenue and continues to be on track for higher revenues over the prior year on a full fiscal year basis. The increase in Canada Tech stems from increased international orders and higher prices as adjustments have been made for international orders denominated in US currency. Overall utilization was higher in most of our service divisions for the quarter compared to the prior year as commodity prices were high during the first nine months of 2008 leading to higher activity levels generally. Results were slightly offset by lower revenue in Oricomm year over year.

A summary of the Corporation's mix of revenues from our operating segments is shown in the following table and demonstrates the changes that have occurred in revenue sources:

	<b><u>For the 3 months ended Sept 30,</u></b>		<b><u>For the 9 months ended Sept 30,</u></b>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<b>2008</b>	2007	<b>2008</b>	2007
<b>REVENUE SOURCE</b>				
Drilling and Production Services	<b>73%</b>	70%	<b>73%</b>	68%
Technology Services	<b>27%</b>	30%	<b>27%</b>	32%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

We expect the allocation of revenues for fiscal 2008 will be approximately 70% from Drilling and Production Services and 30% from Technology Services.

#### **Operating Costs and Gross Margin**

For the three months ended September 30, 2008 operating costs of continuing operations were \$13.8 million (61% of revenue) as compared to \$10.8 million (61% of revenue) in the comparable period of 2007. Operating costs for the nine months ended September 30, 2008 were \$36.4 million (64% of revenue) compared to \$31.3 million (61% of revenue) for the same period in 2007. Gross margins during the third quarter of 2008 remained

consistent with the prior year quarter of 2008 at 39%. Gross margins were 36% compared to 39% for the nine months ended September 30, 2008 and 2007 respectively. We estimate margins for fiscal 2008 in the range of 35% overall. While a large portion of our costs are variable in nature the lower utilization in most divisions' year over year during the first half of 2008 affected efficiencies in our operations in both fixed and variable operating cost leverage. Variable operating costs have also increased year over year, specifically in fuel costs. Substantial hourly wage increases were made to rigs crews by the industry to start the fourth quarter which was made in an attempt to address labor shortages. Pricing increases have been implemented to start the fourth quarter to attempt to recoup these costs and maintain margins.

#### General and Administrative Expenses

General and administrative expenses ("G&A") remained essentially flat year over year for the three month period ended September 30, 2008 with \$2.5 million of G&A(11.2% of revenue) compared to \$2.5 million for G&A (13.8% of revenue) in the comparable period of 2007. For the nine months ended September 30, 2008 G&A expenses were \$7.2 million (12.8% of revenue) compared to \$7.6 million (14.8% of revenue) for the same period in 2007. The year over year decrease for the nine month period of \$0.4 million is primarily attributable to reduced head count in various mid-level management positions. The slow down in the oilfield services industry in 2007 lead to lower headcount both through attrition and reductions in staffing levels. Management evaluated certain positions and in some cases determined not to replace these within its current infrastructure. In addition to lower costs coming from reduced headcount there were various one time project related costs incurred in 2007 that were either suspended during 2008 or did not require further costs in 2008 coupled with lower professional fees compared to the prior year period. Costs for supporting the growth of the Corporation continue to be reviewed in all areas for reductions where appropriate.

#### Stock-based Compensation Expense

Stock-based compensation expense totaled \$0.1 million for the three months ended September 30, 2008 compared to \$0.1 million in the comparable period of 2007. For the nine months ended September 30, 2008 stock-based compensation expense was \$0.2 million compared to \$0.5 million in the same period of 2007. The Corporation utilizes a stock option plan as part of its incentive compensation arrangements for key employees. The impact of stock-based compensation expense has a non-cash impact on the operating results of the Corporation and the amount expensed represents the estimated fair value of the stock options granted using various assumptions using the Black-Scholes option pricing model, and is an estimate of the compensation expense dependant upon certain conditions existing at the time of granting of the related stock options. The lower stock-based compensation expense is from a reduction in the underlying stock price used in calculating the expense.

#### Depreciation and Amortization

For the three months ended September 30, 2008 depreciation expense and amortization of intangible assets from continuing operations was essentially unchanged at \$2.3 million. Depreciation and amortization expense was \$6.7 million for the nine months ended September 30, 2008 or 4% higher than the comparable nine month period of 2007. The increase is a direct result of the Corporation's increases in the depreciable asset base from internal capital build programs. For the nine months ended September 30, 2008 and 2007, depreciation and amortization of continuing operations as a percentage of revenue was 11.9% and 12.5%.

#### Interest Expense

Interest expense decreased by \$0.3 million for the three months ended September 30, 2008 compared to the same period in 2007. The decrease is from the Corporation reducing its overall debt position and carrying minimal balances on its operating line through the quarter coupled with lower interest rates on the debt carried during the current quarter compared to the same period of 2007. For the nine months ended September 30, 2008 interest expense was flat compared to the same period of 2007. The Corporation continued to use cash flow from operations to reduce its current debt obligations and with the sale of the drilling division assets interest expense should continue to be reduced in the coming quarter.

### Loss/Gain on disposal of Equipment

For the three months ended September 30, 2008, the gain on disposal of property and equipment from continuing operations was \$0.03 million compared to a gain in the prior year of \$0.1. The current year gain relates to the sale or disposal of minor non-core service equipment during the first half of fiscal 2008.

### Income Taxes

The total income tax expense for the three months ended September 30, 2008 was \$0.2 million as compared to a \$0.3 million in the same period of 2007. The total income tax expense for the nine months ended September 30, 2008 was \$0.4 million as compared to \$1.3 million in the corresponding period of 2007. At the expected combined income tax rate of 29.5%, net earnings before income taxes from continuing operations for the nine months ended September 30, 2008 of \$2.8 million would have resulted in an income tax provision of approximately \$0.8 million compared to the actual provision booked of a \$0.4 million. There was a reduction of approximately \$0.3 million for announced reductions in the federal corporate tax rates, a reduction for differences between the prior year income tax provision and the actual tax returns filed for fiscal 2007 totalling \$0.3 million offset by \$0.2 million for non-deductible items for income tax purposes. The Corporation had no current income tax expense in the current quarter as a result of restructuring its operations which now includes Canada Tech in the partnership structure which has allowed for a reduction of current income taxes as this entity made up the entire current tax expense in the prior year.

## **SUMMARY OF QUARTERLY RESULTS**

The following table presents the unaudited selected financial data for each of the last eight quarters of the Corporation ended September 30, 2008:

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

	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	Q3	Q2	Q1	Q4
	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	2007	2007	2007	2006
Revenue-continuing operations	<b>22,488</b>	<b>11,673</b>	<b>22,451</b>	<b>23,218</b>	17,773	11,312	22,412	17,174
Net earnings (loss) from continuing operations	<b>2,673</b>	<b>(2,377)</b>	<b>2,093</b>	<b>(14)</b>	469	(1,371)	1,811	672
Per share – basic	<b>0.06</b>	<b>(0.05)</b>	<b>0.06</b>	<b>0.00</b>	0.01	(0.04)	0.08	0.02
Per share - diluted	<b>0.06</b>	<b>(0.05)</b>	<b>0.06</b>	<b>0.00</b>	0.01	(0.04)	0.08	0.02
Net earnings (loss)	<b>286</b>	<b>(2,170)</b>	<b>2,710</b>	<b>194</b>	370	(1,681)	3,256	(111)
Per share – basic	<b>0.01</b>	<b>(0.05)</b>	<b>0.06</b>	<b>0.00</b>	0.01	(0.04)	0.08	(0.01)
Per share - diluted	<b>0.01</b>	<b>(0.05)</b>	<b>0.06</b>	<b>0.00</b>	0.01	(0.04)	0.08	(0.01)

### Seasonality and Weather

The majority of 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.

## LIQUIDITY AND CAPITAL RESOURCES

The Corporation has a \$75.5 million credit facility with a syndicate of lenders including National Bank of Canada, Canadian Western Bank, and Alberta Treasury Branches. The credit facility consists of an extendible revolving operating credit facility of \$12.5 million and an extendible revolving term facility of up to \$63 million available to finance equipment purchases for organic growth and potential acquisitions. On March 24, 2008, the credit facility was amended and renewed extending the facility to May 30, 2009.

As reported in our second quarter MD&A for June 30, 2008 period end, the Corporation was not compliant with one of the financial covenants under the credit facility. As a result, the entire amount of the credit facility had been reclassified as a current liability as at June 30, 2008 in accordance with generally accepted accounting principles. During the third quarter the Corporation disposed of its drilling division assets for cash consideration of \$33.7 million, of which \$8.1 million was received in October, and commensurate with the first closing of the transaction the funds were directed to the repayment of outstanding long-term debt. As a result of the substantial reduction in total debt levels of the Corporation all covenants of the credit facility were in compliance at September 30, 2008 and based on expected future cash flows we anticipate no future non-compliance issues with our credit facility financial ratios.

At September 30, 2008 the Corporation had positive working capital, excluding current portion of long-term debt, of \$18.2 million as compared to \$11.6 million at September 30, 2007. The primary reason for the increase in the working capital is a result of a decrease in the outstanding balance of our long-term debt facility from the sale of the drilling rig assets. IROC also used its available cash flow generated from operations to continue to reduce its outstanding debt levels through fiscal 2008.

Future cash requirements will be met through, but not limited to, funds from operations, additional bank financing, issue of equity as available, and potential sale of assets. The Board of Directors, in conjunction with management, will determine the appropriate course of action as conditions dictate. 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. If IROC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of IROC will incur a dilution of their interest

IROC's contractual financial obligations are summarized as follows:

<b>Contractual Obligations</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>Next 12 months</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>
Long-term debt	\$ 30,050	\$ 3,339	\$ 10,017	\$ 10,017	\$ 6,677
Obligations under capital lease	\$ 72	\$ 45	\$ 27	\$ -	\$ -
Operating leases(1)	\$ 4,283	\$ 1,329	\$ 2,063	\$ 671	\$ 220
<b>Total contractual obligations</b>	<b>\$ 34,405</b>	<b>\$ 4,713</b>	<b>\$ 12,107</b>	<b>\$ 10,688</b>	<b>\$ 6,897</b>

(1) Operating leases relate primarily to buildings and lands leased in operations and service vehicles used in day to day operating activities.

## CAPITAL EXPENDITURES

Capital expenditures of continuing operations for the three months ended September 30, 2008 were \$3.2 million, predominantly related to deposits paid on the construction of 6 new service rigs, of which one was delivered and 5 to be delivered in the fourth quarter of 2008 along with miscellaneous maintenance capital expenditures and infrastructure support equipment. For the nine months ended September 30, 2008 capital expenditures of continuing operations were \$5.8 million. These capital expenditures were financed using cash generated from operations and available credit facilities.

Industry conditions during the second half of fiscal 2007 lead management to suspend future capital growth for fiscal 2008 plans until industry indicators improved to support additional growth. As such minimal capital had been planned for fiscal 2008 targeted primarily for maintenance capital expenditures. In light of improved fundamentals in the industry as a whole and demand from our customers, the board of directors approved

capital spending for the second half of fiscal 2008 for the construction of 6 new service rigs. Our strategy to organically grow our capital asset base has resulted in IROC having capital assets, as a whole, in new or like new condition. Our service rigs represent the largest percentage, 73%, of the Corporation's overall net book value of fixed assets.

The following is a summary of the capital expenditures incurred during the first nine months of fiscal 2008:

- \$4.3 million for service rigs and related equipment, including deposits;
- 0.6 million for rental services equipment;
- 0.3 million for heavy equipment in lease construction services segment ;
- 0.1 million for downhole tools manufacturing and development;
- 0.5 million for other ancillary operating equipment and infrastructure costs.  
\$5.8 million

The vast majority of the Corporation's capital budget relates to growth capital driven by the continued demand for the Corporation services as well as the strategy of developing its services through internal growth.

### **OUTSTANDING SHARE DATA**

Balance at January 1, 2008	44,251,080
Issued on exercise of stock options	50,000
Issued from treasury	15,000
<hr/>	
Balance at November 3, 2008	44,316,080

### **OFF BALANCE SHEET ARRANGEMENTS**

IROC has not entered into any off-balance sheet arrangements.

### **TRANSACTIONS WITH RELATED PARTIES**

There were no significant or material transactions with related parties during the three and nine months ended September 30, 2008.

### **CHANGES IN ACCOUNTING POLICIES**

The Corporation prepares its financial statements in accordance with GAAP. Except as disclosed below, accounting policies have been applied consistently during all periods included in the annual financial statements. Certain information of the previous period has been reclassified to conform to the presentation adopted in the current year.

### **ACCOUNTING PRONOUNCEMENTS**

#### *Financial Instruments and Financial Risk Management*

On January 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3862 "Financial Instruments - Disclosures", Section 3863 "Financial Instruments - Presentation" and Section 1535 "Capital Disclosures". Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation" replace Section 3861 "Financial Instruments - Disclosures and Presentation", revising disclosures related to financial instruments, including hedging instruments, and carrying forward unchanged presentation requirements. Section 1535 "Capital Disclosures" requires the Corporation to provide disclosures about the Corporation's capital and how it is managed. The adoption of

these new accounting standards did not impact the amounts reported in the Corporation's financial statements; however, it did result in expanded note disclosure in the financial statements.

#### *Inventories*

On January 1, 2008, the Corporation adopted the CICA Handbook Section 3031 "Inventories". Section 3031 "Inventories" provides guidance on the method of determining the cost of the Corporation's materials and supplies. The new accounting standard specifies that inventories are to be valued at the lower of cost and net realizable value. The standard requires the reversal of previously recorded write downs to realizable value when there is clear evidence that the net realizable value has increased. The adoption of Section 3031 "Inventories" did not impact the Corporation's financial statements.

#### *Goodwill and intangible assets*

Effective January 1, 2009, the Corporation is required to adopt new Canadian accounting standards related to goodwill and intangible assets (Section 3064). This standard replaces Section 3062 "Goodwill and other intangible assets" and Section 3450 "Research and development costs". The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Corporation is evaluating the impact of this new Section on its consolidated financial statements.

#### *International Financial Reporting Standards*

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards (IFRS) will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Corporation is currently evaluating the impact of adopting IFRS.

### **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. EBITDAS - EBITDAS is defined as earnings before interest, taxes, depreciation and amortization, stock-based compensation expense, foreign exchange gains and losses and gains or losses on disposal of property and equipment. EBITDAS and EBITDAS per share are not recognized measures under GAAP. Management believes that EBITDAS is provided as a measure of operating performance without reference to financing decisions, income tax impacts and non-cash expenses, which are not controlled at the operating management level. Accordingly, management believes EBITDAS 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 that EBITDAS 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 EBITDAS may differ from those of other companies, and accordingly, EBITDAS may not be directly comparable to measures used by other companies.

The following is a reconciliation of EBITDAS to net income from continuing operations:

<i>(in thousands of dollars)</i>	<u>For the 3 months ended Sept 30,</u>		<u>For the 9 months ended Sept 30,</u>	
	<i>("Unaudited")</i>		<i>("Unaudited")</i>	
	<b>2008</b>	2007	<b>2008</b>	2007
Net earnings (loss) - continuing operations	<b>\$2,673</b>	<b>\$468</b>	<b>\$2,389</b>	<b>\$909</b>
Add:				
Depreciation and amortization	<b>2,282</b>	2,262	<b>6,748</b>	6,461
Other interest	<b>68</b>	211	<b>227</b>	369
Interest on long-term debt	<b>756</b>	850	<b>2,558</b>	2,327
Interest and accretion on debentures	<b>152</b>	236	<b>624</b>	707
Stock based compensation expense	<b>62</b>	109	<b>220</b>	474
Foreign exchange loss (gain)	<b>(28)</b>	(99)	<b>(34)</b>	(250)
Loss (gain) on disposal of equipment	<b>(24)</b>	132	<b>(82)</b>	224
	<b>5,941</b>	4,169	<b>12,650</b>	11,221
Income taxes:				
Current (recovery)	<b>0</b>	16	<b>0</b>	52
Future (recovery)	<b>191</b>	313	<b>362</b>	1,246
<b>EBITDAS - continuing operations</b>	<b>6,132</b>	4,498	<b>13,012</b>	12,519

## **BUSINESS RISKS**

Certain activities of the Corporation are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of, or that they determine to be immaterial may also become important factors which affect the Corporation. Along with risks discussed in this MD&A, other business risks faced by the Corporation may be found under "Risk Factors" in the Corporation's Annual Information Form dated March 28, 2008 which is available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

## **DISCLOSURE CONTROLS AND PROCEDURES**

The Corporation's Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (the "Procedures") which provide reasonable assurance that information required to be disclosed by the Corporation under provincial or territorial securities legislation (the "Required Filings") is reported within time periods specified. Without limitation, the Procedures are designed to ensure that material information relating to the Corporation is accumulated and communicated to management, including its Certifying Officers, as appropriate to allow for timely decisions regarding the Required Filings. The Certifying Officers evaluate the effectiveness of the Corporation's Procedures on a regular basis throughout the year and have concluded that the Procedures in place as of the end of the period covered by the Required Filings are effective in providing reasonable assurance that material information relating to the Corporation is accumulated and communicated to management and reported within time periods specified.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

There have been no changes in the design of the Corporation's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting during the nine months ended September 30, 2008.

## **OUTLOOK**

The outlook for remainder of fiscal 2008 and into 2009 appears to have a significant amount of uncertainty attached to it. The global financial crisis is affecting all industries and has led to a significant fall in oil and gas commodity pricing from the highs seen in the third quarter of 2008. The effects of this, while difficult to predict with any high degree of certainty, appear to have hindered the ability for oil and gas producers to access debt or equity markets to finance their operations. As such producers have recently begun reducing their capital spending plans for fiscal 2009 with a focus on balance sheet preservation and matching spending with realistic

cash flows. Increased spending by producers will only begin again when producers see sustained periods of higher natural gas and oil prices.

Our core business, Eagle Well Servicing, has shown that it is very competitive in the market place with industry leading utilization, new equipment and competent personnel across its fleet of 31 service rigs, with an additional 5 rigs to be deployed to the field before year-end. The impact of reduced exploration programs is obvious but we believe that our segment of the oilfield services industry will be affected less by the reductions than other segments as a result of production related work. We have financial and operational capability that will not only allow us to survive the next few quarters but in fact thrive in this environment.

In addition, a number of our businesses have been positively impacted over the last quarter with the rising US dollar providing a cushion for commodity prices. Specifically, the direct benefits of the rising US dollar for our Canada Tech division are significant since exports based on the US dollars from that division comprise approximately 65% of their revenues. We also expect that the increasing US dollar and the cushion that it provides for commodities in Canadian dollar terms will help fuel the continuing growth of oil and gas plays in both Saskatchewan and British Columbia.

Further, IROC was able to substantially strengthen its balance sheet through the disposition of the Mission Drilling division assets, thereby providing greater flexibility in a time of uncertainty in our business. The benefits to IROC of this disposition will be seen over coming quarters as the capital that was made available as a result of the transaction is invested into the divisions of our business that provide greater potential returns for our shareholders.

**For further information, please contact:**

**Thomas M. Alford, President & CEO**

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E-mail: [investorrelations@iroccorp.com](mailto:investorrelations@iroccorp.com)

Consolidated Financial Statements of

**IROC ENERGY SERVICES CORP.**

Three and nine months ended September 30, 2008 and 2007

# IROC ENERGY SERVICES CORP.

## Consolidated Balance Sheets

Expressed in thousands of dollars  
(Unaudited)

	September 30, 2008	December 31, 2007
<b>Assets</b>		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	17,767	15,423
Inventory	4,504	5,442
Prepaid expenses and deposits	450	359
Assets of discontinued operations (note 9)	10,502	2,960
	<u>33,224</u>	<u>24,185</u>
Property and equipment (note 3)	64,258	64,893
Intangible assets (note 4)	4,793	5,376
Goodwill	8,621	8,621
Assets of discontinued operations (note 9)	—	34,578
	<u>\$ 110,896</u>	<u>\$ 137,653</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Operating line of credit	\$ 7,314	\$ 3,421
Accounts payable and accrued liabilities	7,018	5,627
Income taxes payable	46	190
Current portion of long-term debt (note 5)	3,384	6,831
Liabilities of discontinued operations (note 9)	607	383
	<u>18,369</u>	<u>16,452</u>
Long-term debt (note 5)	26,737	56,457
Future income taxes	3,450	3,481
Shareholders' equity:		
Share capital (note 6)	51,579	51,547
Warrants (note 6)	—	828
Contributed surplus (note 6)	3,456	2,409
Retained earnings	7,305	6,479
	<u>62,340</u>	<u>61,263</u>
	<u>\$ 110,896</u>	<u>\$ 137,653</u>

See accompanying notes to the interim consolidated financial statements.

Approved on behalf of the Board:

“Tom Alford” Director  
“Brian Neeland” Director

# IROC ENERGY SERVICES CORP.

## Consolidated Statements of Earnings and Retained Earnings

Expressed in thousands of dollars except share and per share amounts  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Revenue	\$ 22,488	\$ 17,773	\$ 56,612	\$ 51,497
Expenses:				
Operating	13,827	10,818	36,369	31,349
General and administrative	2,529	2,457	7,231	7,629
Stock-based compensation	62	109	220	474
Depreciation and amortization	2,282	2,262	6,748	6,461
Interest and accretion on debentures	152	236	624	707
Interest on long-term debt	756	850	2,558	2,327
Other interest	68	211	227	369
Gain on disposal of equipment	(28)	(99)	(34)	(250)
Foreign exchange (gain) loss	(24)	132	(82)	224
	19,624	16,976	53,861	49,290
Earnings before income taxes from continuing operations	2,864	797	2,751	2,207
Income taxes (recovery):				
Current	—	16	—	52
Future	191	313	362	1,246
Net earnings from continuing operations	2,673	468	2,389	909
Net earnings (loss) from discontinued operations (note 9)	(2,387)	(99)	(1,563)	1,036
Net earnings	286	369	826	1,945
Retained earnings, beginning of period	7,019	5,916	6,479	4,340
Retained earnings, end of period	\$ 7,305	\$ 6,285	\$ 7,305	\$ 6,285
Earnings per share from continuing operations:				
Basic	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.03
Diluted	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.02
Earnings (loss) per share from discontinued operations:				
Basic	\$ (0.05)	\$ 0.00	\$ (0.03)	\$ 0.02
Diluted	\$ (0.05)	\$ 0.00	\$ (0.03)	\$ 0.02
Earnings per share:				
Basic	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.05
Diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.04
Weighted average number of shares outstanding:				
Basic	44,304,504	44,251,080	44,285,624	43,164,377
Diluted	44,324,122	44,336,011	44,446,091	43,273,275

See accompanying notes to the interim consolidated financial statements.

# IROC ENERGY SERVICES CORP.

Consolidated Statements of Cash Flows  
Expressed in thousands of dollars  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Cash provided by (used in):				
Operations:				
Net earnings from continuing operations	\$ 2,673	\$ 468	\$ 2,389	\$ 909
Items not affecting cash:				
Depreciation and amortization	2,282	2,262	6,748	6,461
Future income taxes	191	313	362	1,246
Stock-based compensation	62	109	220	474
Non-cash accretion on debentures	64	96	256	288
Gain on disposal of property and equipment	(28)	(99)	(34)	(250)
	5,244	3,149	9,941	9,128
Changes in non-cash working capital balances (note 7)	(4,185)	(1,504)	(249)	(787)
	1,059	1,645	9,692	8,341
Discontinued operations (note 9):				
Funds provided by discontinued operations	144	68	1,491	1,540
Changes in non-cash working capital balances of discontinued operations	(285)	845	782	426
	918	2,558	11,965	10,307
Investing:				
Purchase of property and equipment of continuing operations	(3,153)	(5,977)	(5,807)	(17,552)
Purchase of property and equipment of discontinued operations	(473)	(408)	(906)	(2,117)
Proceeds on disposal of property and equipment from continuing operations	87	469	648	1,816
Proceeds on disposal of equipment from discontinued operations	23,935	333	23,935	1,235
Business acquisitions	—	—	—	(1,000)
Change in non-cash working capital balances (note 7)	—	1,228	—	(139)
	20,396	(4,355)	17,870	(17,757)
Financing:				
Repayment of long-term debt	(21,619)	(214)	(26,421)	(634)
Operating loan advances (repayments)	7,290	(2,341)	3,893	(1,388)
Repayment of debentures	(7,000)	—	(7,000)	—
Issue of long-term debt	—	4,352	—	9,660
Issue of common shares	15	—	33	12
Loan commitment fees	—	—	(340)	(200)
	(21,314)	1,797	(29,835)	7,450
Increase in cash	—	—	—	—
Cash at beginning of period	1	1	1	1
Cash at end of period	\$ 1	\$ 1	\$ 1	\$ 1

See accompanying notes to the interim consolidated financial statements.

# IROC ENERGY SERVICES CORP.

Notes to the Interim Consolidated Financial Statements

Expressed in thousands of dollars except share and per share amounts  
Three and nine months ended September 30, 2008 and 2007  
(Unaudited)

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## 1. Basis of presentation and going concern:

IROC Energy Services Corp. (the "Corporation") is a Canadian corporation supplying equipment and personnel to oil and gas contractors and producers. The Corporation's common stock is traded on the TSX under the symbol ISC.

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, 2007 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, 2007 contained in the Corporation's 2007 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 nine months ended September 30, 2008 and 2007.

### a) Changes in accounting policies:

#### i) Financial Instruments and Capital Disclosures

On January 1, 2008, the Corporation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 3862 "Financial Instruments - Disclosures", Section 3863 "Financial Instruments - Presentation" and Section 1535 "Capital Disclosures".

Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation" replace Section 3861 "Financial Instruments - Disclosures and Presentation", revising disclosures related to financial instruments, including hedging instruments, and carrying forward unchanged presentation requirements. Section 1535 "Capital Disclosures" requires the Corporation to provide disclosures about the Corporation's capital and how it is managed.

The adoption of these new accounting standards did not impact the amounts reported in the Corporation's financial statements; however, it did result in expanded note disclosure (see Note 10).

# IROC ENERGY SERVICES CORP.

Notes to the Interim Consolidated Financial Statements

Expressed in thousands of dollars except share and per share amounts  
Three and nine months ended September 30, 2008 and 2007  
(Unaudited)

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## 1. Basis of presentation and going concern (continued):

### a) Changes in accounting policies (continued):

#### ii) Inventories

On January 1, 2008, the Corporation adopted the CICA Handbook Section 3031 "Inventories". Section 3031 "Inventories" provides guidance on the method of determining the cost of the Corporation's materials and supplies. The new accounting standard specifies that inventories are to be valued at the lower of cost and net realizable value which is consistent with the Corporation's current accounting policy. The standard requires the reversal of previously recorded write downs to realizable value when there is clear evidence that the net realizable value has increased. The adoption of Section 3031 "Inventories" did not significantly impact the Corporation's financial statements.

### b) Future accounting pronouncements

#### i) Goodwill and intangible assets

Effective January 1, 2009, the Corporation is required to adopt new Canadian accounting standards related to goodwill and intangible assets (Section 3064). This standard replaces Section 3062 "Goodwill and other intangible assets" and Section 3450 "Research and development costs". The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Corporation is evaluating the impact of this new Section on its consolidated financial statements.

#### ii) International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) has confirmed that the use of International Financial Reporting Standards (IFRS) will be required in 2011 for publicly accountable profit-oriented enterprises. IFRS will replace Canada's current GAAP for those enterprises. These include listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Corporation is currently evaluating the impact of adopting IFRS.

### c) Comparative figures

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

# IROC ENERGY SERVICES CORP.

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## 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. Property and equipment:

			September 30, 2008	December 31, 2007
	Cost	Accumulated depreciation	Net book value	Net book value
Service rig equipment	\$ 56,087	\$ 12,355	\$ 43,732	\$ 47,236
Rental equipment	9,017	1,718	7,299	7,779
Heavy equipment	6,869	2,709	4,160	4,464
Field equipment	6,612	4,100	2,512	3,082
Other equipment	2,730	1,784	946	916
Trailers	1,526	927	599	753
Leasehold improvements	783	282	501	536
Data acquisition centre	365	257	108	127
Assets under construction	4,401	—	4,401	—
	\$ 88,390	\$ 24,132	\$ 64,258	\$ 64,893

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## 4. Intangible assets:

Intangible assets consist of the following:

			September 30, 2008	December 31, 2007
	Cost	Accumulated amortization	Net book value	Net book value
Intangible assets	\$ 6,700	\$ 2,840	\$ 3,860	\$ 4,542
Pre-operating expenditures	771	322	449	565
Loan commitment fees	609	125	484	269
	\$ 8,080	\$ 3,287	\$ 4,793	\$ 5,376

The loan commitment fees are related to the Corporation's revolving credit facility entered into in December of 2007 and are being amortized over the term of the facility.

## 5. Long-term debt and debentures:

	September 30, 2008	December 31, 2007
Extendible revolving capital equipment acquisition facility of up to \$63,000 requiring no principal payments during the term, secured by a general assignment of book debts and a security arrangement covering all assets of the Corporation. Drawings bear interest at the bank's prime rate plus 1.25%. The effective interest rate at September 30, 2008 was 6%. The facility expires on May 30, 2009 and is renewable at the lenders option for an additional 364 day period. If not renewed, the facility is repayable over a period of three years.	\$ 30,050	\$ 56,400
Unsecured non-convertible and non-transferable debentures repaid during the year.	—	6,744
Obligations under capital leases, repayable in monthly installments totaling \$5 plus interest at rates varying from 3.8% to 12.2%, secured by the specific equipment.	71	144
	30,121	63,288
Less current portion	3,384	6,831
	\$ 26,737	\$ 56,457

# IROC ENERGY SERVICES CORP.

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### 6. Share capital:

(a) Authorized:

Unlimited number of voting common shares without nominal or par value

(b) Issued:

	Number	Amount
Balance at December 31, 2007	44,251,080	\$ 51,547
Issued on exercise of options	50,000	17
Issued from treasury	15,000	15
Balance at September 30, 2008	44,316,080	\$ 51,579

(c) Stock options:

Changes in the number of common shares under option during the nine month period ended September 30, 2008 are summarized as follows:

	Number of options	Weighted average price
Total options outstanding, December 31, 2007	1,727,083	\$ 2.33
Granted	1,027,500	0.88
Forfeited	(823,958)	1.06
Exercised	(50,000)	0.35
Outstanding, September 30, 2008	1,880,625	\$ 1.71
Exercisable at September 30, 2008	832,498	\$ 2.58

The average fair value of options issued during the nine months ended September 30, 2008 was \$0.64 per option using the Black-Scholes option pricing model.

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## 6. Share capital (continued):

(d) Contributed surplus:

The Corporation recorded stock-based compensation expense and contributed surplus of \$220 (2007 - \$507) for the nine months ended September 30, 2008. Contributed surplus was reduced and share capital was increased by \$nil (2007 - \$nil) for options that were exercised during the nine months ended September 30, 2008. Contributed surplus was increased and warrants were decreased by \$828 (2007 - \$nil) for warrants that expired during the year.

## 7. Supplemental cash flow information:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Interest paid	\$ 913	\$ 1,201	\$ 3,153	\$ 3,116
Income taxes paid	\$ -	\$ -	\$ 143	\$ 91
Changes in non-cash working capital components of continuing operations:				
Accounts receivable	\$ (7,145)	\$ (3,126)	\$ (2,345)	\$ 316
Inventory	44	(489)	938	(1,770)
Prepaid expenses	47	(22)	(91)	69
Accounts payable and accrued liabilities	2,869	2,117	1,392	650
Income taxes payable	-	16	(143)	(52)
	\$ (4,185)	\$ (1,504)	\$ (249)	\$ (787)
Changes in non-cash working capital items in investing activities:				
Deposits on capital assets	\$ -	\$ (207)	\$ -	\$ (671)
Accounts payable on capital assets	-	1,435	-	532
	\$ -	\$ 1,228	\$ -	\$ (139)

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## 8. Segmented information:

As at September 30, 2008 the Corporation operates in two main segments, which are substantially in one geographic region. Drilling and production services includes service rigs and related equipment, oilfield rental equipment and services, and lease construction and road building services all of which assist oil and gas companies and contractors in drilling and production activities in oil and gas wells. Technology services includes remote communications products and services, safety and air monitoring services and equipment, and manufacturing and distribution of downhole pressure and temperature measurement tools all of which provide technology based solutions to assist oil and gas companies in the production of oil and gas.

Three months ended September 30, 2008	Drilling and Production Services	Technology Services	Corporate	Total
Revenue	\$ 16,408	\$ 6,080	\$ -	\$ 22,488
Depreciation and amortization	1,647	479	156	2,282
Interest on long-term debt	-	-	756	756
Interest and accretion on debentures	-	-	152	152
Other interest	-	-	68	68
Net earnings (loss) – continuing operations	4,263	769	(2,359)	2,673
Intangible assets	623	3,685	485	4,793
Goodwill	1,340	7,281	-	8,621
Property and equipment	58,847	4,352	1,059	64,258
Capital expenditures	2,705	71	377	3,153

Three months ended September 30, 2007	Drilling and Production Services	Technology Services	Corporate	Total
Revenue	\$ 12,391	\$ 5,382	\$ -	\$ 17,773
Depreciation and amortization	1,472	617	173	2,262
Interest on long-term debt	-	-	850	850
Interest and accretion on debentures	-	-	236	236
Other interest	-	-	211	211
Net earnings (loss) – continuing operations	2,990	182	(2,704)	468
Intangible assets	837	4,555	-	5,392
Goodwill	1,340	7,281	-	8,621
Property and equipment	56,828	5,492	1,222	63,542
Capital expenditures	5,693	153	131	5,977

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## 8. Segmented information (continued):

Nine months ended September 30, 2008	Drilling and Production Services	Technology Services	Corporate	Total
Revenue	\$ 41,098	\$ 15,514	\$ -	\$ 56,612
Depreciation and amortization	4,911	1,468	369	6,748
Interest on long-term debt	-	-	2,558	2,558
Interest and accretion on debentures	-	-	624	624
Other interest	-	-	227	227
Net earnings (loss) – continuing operations	8,813	935	(7,359)	2,389
Intangible assets	623	3,685	485	4,793
Goodwill	1,340	7,281	-	8,621
Property and equipment	58,847	4,352	1,059	64,258
Capital expenditures	5,153	173	481	5,807

Nine months ended September 30, 2007	Drilling and Production Services	Technology Services	Corporate	Total
Revenue	\$ 35,052	\$ 16,445	\$ -	\$ 51,497
Depreciation and amortization	4,093	1,834	534	6,461
Interest on long-term debt	-	-	2,327	2,327
Interest and accretion on debentures	-	-	707	707
Other interest	-	-	369	369
Net earnings (loss) – continuing operations	7,768	1,062	(7,921)	909
Intangible assets	837	4,555	-	5,392
Goodwill	1,340	7,281	-	8,621
Property and equipment	56,828	5,492	1,222	63,542
Capital expenditures	16,448	787	317	17,552

Approximately 11.0% (2007 - 10.5%) of the Corporation's total sales for the period were derived from one customer. This accounts for 14.8 % (2007 - 14.8%) of revenue in the Drilling and Production Services division and 0.1% (2007 – 0.0%) of revenue in the Technology Services division.

## 9. Discontinued operations:

During the most recent quarter, the Corporation disposed of its contract drilling rig division included in the Drilling and Production Services segment for cash consideration of \$32,035, net of selling costs. The assets disposed consisted of four drilling rigs and related support equipment that operated under the brand name of Mission Drilling. The sale of the first three rigs closed on September 19, 2008 and the final closing on the fourth rig was October 29, 2008. Net cash proceeds of \$23,935 were received on Sept 19, 2008 and \$8,100 was received on October 29, 2008.

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## 9. Discontinued operations (continued):

During the fiscal year ended December 31, 2006, management identified the remediation and consulting operations, included in the Drilling and Production Services segment, to be disposed of and shut down as a result of financial and operational performance and the need to focus on the continuing operations of the Corporation. The disposal group consisted of certain fixed assets consisting of trucks and trailers used in remediation work and certain inventory utilized in the provision of environmental consulting services. On February 22, 2007 the Corporation entered into a letter of intent to sell the property and equipment of the remediation business and completed this sale during the first quarter of fiscal 2007. The inventory related to the environmental consulting services was written down to a net realizable value of \$nil at December 31, 2006 as management determined there is no foreseeable market for the disposal of this inventory.

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Revenue from discontinued operations:				
Remediation and consulting	\$ -	\$ -	\$ -	\$ 277
Contract drilling	2,600	\$ 1,126	\$ 7,447	\$ 5,178
	2,600	1,126	7,447	5,455
Earnings (loss) from discontinued operations before income taxes:				
Remediation and consulting	-	2	-	30
Contract drilling	(209)	(174)	444	710
	(209)	(172)	444	740
Income taxes – future (recovery)	(223)	(73)	(394)	(317)
Earnings (loss) from discontinued operations before the following:	14	(99)	838	1,057
Loss on disposal of net assets from discontinued operations:				
Remediation and consulting	-	-	-	(21)
Contract drilling	(2,401)	-	(2,401)	-
Net earnings (loss) from discontinued operations	\$ (2,387)	\$ (99)	\$ (1,563)	\$ 1,036

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## 9. Discontinued operations (continued):

The following table provides additional information with respect to amounts included in the balance sheet as assets and liabilities of discontinued operations:

	September 30, 2008	December 31, 2007
Accounts receivable	\$ 2,402	\$ 2,960
Note receivable	8,100	-
Current assets of discontinued operations	\$ 10,502	\$ 2,960
Property and equipment	\$ -	\$ 34,578
Current liabilities of discontinued operations	\$ 607	\$ 383

The following table provides additional information with respect to amounts included in the statement of cash flows related to discontinued operations:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net earnings (loss) from discontinued operations	\$ (2,387)	\$ (99)	\$ (1,563)	\$ 1,036
Items not affecting cash:				
Depreciation	359	228	1,049	767
Loss on disposal of net asset from discontinued operations	2,401	-	2,401	21
Future income tax recovery	(223)	(73)	(394)	(317)
Stock based compensation	(6)	12	(2)	33
Funds provided by discontinued operations	\$ 144	\$ 68	\$ 1,491	\$ 1,540

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## 9. Discontinued operations (continued):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Components of change in non-cash working capital balance of discontinued operations:				
Accounts receivable	\$ (203)	\$ 633	\$ 558	\$ 262
Accounts payable and accrued liabilities	(82)	212	224	164
	<u>\$ (285)</u>	<u>\$ 845</u>	<u>\$ 782</u>	<u>\$ 426</u>

## 10. Financial instruments and financial risk management

### a) Foreign currency risk

Foreign currency risk is the risk of financial loss to the Corporation due to the fluctuation of financial commitments, assets, liabilities, income or cash flows due to changes in foreign exchange rates.

The Corporation is exposed to foreign currency fluctuations in relation to its international operations as most of its foreign sales are denominated in United States dollars. The volume of international sales denominated in United States dollars is estimated at 45% of the Technology Services segment. The foreign currency risk is somewhat mitigated with a natural hedge in that certain input costs to manufacture products sold in the Technology Services segment are procured from suppliers in the United States with transactions denominated in United States dollars. The foreign currency risks are further mitigated through attempts to collect and pay foreign currency denominated balances in a timely fashion and to maintain very little excess cash in United States dollar bank accounts.

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## 10. Financial instruments and financial risk management (continued):

### b) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers.

Accounts receivable includes balances from a large number of customers primarily operating in the oil and gas industry. The Corporation assesses the credit worthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Corporation views the credit risk on these amounts as normal for the industry.

For the nine months ended September 30, 2008, sales generated from the Corporation's three largest customers totaled 26.7% (2007 – 19.6%) of its total sales. The amounts receivable from these customers as at September 30, 2008 was \$3,779 (December 31, 2007 - \$2,716). As at September 30, 2008, the Corporation has made a provision for doubtful accounts receivable in the amount of \$1,029 representing 5.25% of its total accounts receivable.

### c) Interest rate risk

Interest rate risk is the risk that future cash flow will fluctuate as a result of change in market interest rates.

The Corporation is exposed to interest rate fluctuations on its most significant debt item recognized in its financial statement which bears a floating market interest rate. For the nine months ended September 30, 2008, if the prime interest rate increased/decreased by 1%, with all other variables held constant, net earnings would have been \$402 lower/higher. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations.

### d) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The Corporation has an operating loan which has a maximum available balance of the lesser of 75% of its trade accounts receivable or \$12,500. As at September 30, 2008, the balance on the operating loan was \$7,314.

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## 10. Financial instruments and financial risk management (continued):

### e) Capital disclosures:

The Corporation's objectives when managing capital are: i) to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders; ii) to manage capital in a manner which balances the interests of equity and debt holders; iii) to manage capital in a manner that will maintain compliance with its financial covenants; iv) to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Corporation manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions. In order to maintain or adjust its capital structure, the Corporation may, but is not limited to, issue new shares, issue new debt, issue new debt replacing existing debt with different characteristics, or purchase shares for cancellation pursuant to normal course issuer bids.

The Corporation monitors capital using a key financial metric of debt-to-capitalization, which is not a recognized measure under generally accepted accounting principles ("GAAP") and, therefore, is unlikely to be comparable to similar measures of other companies. For the purpose of this calculation, debt includes operating loans, current portion of long-term debt, long-term debt and debentures, and capitalization is calculated as the total debt, as described above, and shareholders' equity less goodwill and intangible assets. The Corporation's strategy is to maintain this ratio within the limit of its financial covenants on its credit facilities given its current operating structure. The Corporation may be required to increase this from time to time as a result of expansion activities.

The debt-to-capitalization ratios at September 30, 2008 and December 31, 2007 are as follows:

	September 30, 2008	December 31, 2007
Debt	\$ 37,435	\$ 66,709
Equity (net of intangible assets and goodwill)	48,926	47,266
Capitalization	\$ 86,361	\$ 113,975
Debt-to-capitalization ratio	0.43	0.59

# CORPORATE DIRECTORY

## CORPORATE HEADQUARTERS

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## PRINCIPAL BANK

National Bank of Canada  
Calgary, Alberta

## AUDITORS

KPMG LLP  
Chartered Accountants  
Calgary, Alberta

## LEGAL COUNSEL

McCarthy Tetrault LLP  
Barristers & Solicitors  
Calgary, Alberta

## TRANSFER AGENT

Computershare Investor Services  
Calgary, Alberta

## TRADING INFORMATION

Symbol: ISC

TSX  
Calgary, Alberta

Website: [www.iroccorp.com](http://www.iroccorp.com)  
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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  
VP of Corporate Development, General  
Counsel and Corporate Secretary

