



2009 FIRST QUARTER REPORT

(UNAUDITED)

Report Contents

TSX: ISC

MARCH 31, 2009

Partnerships
in HEALTH and SAFETY

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

Dear Shareholders,

As predicted in my previous President's Message, Q1 2009 proved to be very challenging with the continuing deterioration of the operating environment in the oil and gas industry in Western Canada. The continued rapid decline in commodity prices for both oil and natural gas combined with the punitive changes to the oil and gas royalty framework in Alberta served to significantly reduce field activity in Alberta to levels not seen in many years. The speed with which the changes to commodity pricing hit our industry was unprecedented and the resulting actions by oil and gas companies were also quick and decisive. The traditional winter activity did not materialize this year and the uncertainty created by the Alberta royalty changes and subsequent modifications caused the deferment or cancellation of many projects that would have normally been undertaken. Also, the continuing credit crisis and the long lingering effects of the federal government decision to eliminate the royalty trusts further contributed to the reducing activity levels, leaving the entire service segment of the oil and gas industry operating at approximately a third of capacity.

IROC's management and staff have worked hard to position the company to survive in this new environment as we believe the down turn will continue through 2009 and likely well beyond. With the sale of two of our smaller divisions in the first quarter to larger players in the space, we have been able to reduce overhead and improve our balance sheet significantly as we prepare ourselves for an extended period of lower activity. Our focus now is clearly on efficiently operating our service rigs and rental businesses in Canada and Canada Tech, our downhole tool business, in the North American and international market places.

As would be expected in the current operating environment, our financial performance for the first quarter was down substantially from the previous year with all divisions reporting lower revenues, EBITDAS and earnings. Lower utilization, continuing increases in field operating costs and pricing pressure all played a part in our lower numbers. Accordingly, significant steps have been taken in all our operations to reduce fixed overhead costs which we believe will help improve our financial performance in the foreseeable future. It should be noted we have cut as much as we deem reasonable in order to maintain the core competencies inside our operations, further adjustments will be made in the future if revenue and cost targets do not meet our lowered expectations. In short, management will continue to be diligent in operating as efficiently as possible and will further "right size" the company if required, to meet the demands placed upon us by the operating environment.

The ability to continue to move the company forward has proven difficult over the past few months but the actions that have been taken and the equipment and personnel that have been assembled will continue to provide us with advantages that will be exploited in the coming quarters. New equipment and technologies across all business lines provide us the opportunity to compete with any company, large or small, in our main operating areas in Western Canada. Our service rigs, while still competing in a market with an excess of equipment, are leveraged to the oil side of the business and, to a large degree, derive most of its revenue from production work. With a marked reduction in the number of new wells being drilled, we expect that oil companies will focus on maintaining production which in turn should result in business for service rigs in the form of workovers and repairing existing wells, of which there are approximately 225,000 in Western Canada, for the foreseeable future.

In reaction to the current industry conditions our capital expenditures have been reduced to minimal levels for maintenance only and our balance sheet has been strengthened with the dispositions of three divisions over the past 2 quarters resulting in the reduction of in excess of \$40 million in debt. Also, due to current valuations in our industry acquisitions will be very difficult to complete. Based on these factors our Board of Directors believes that it is a prudent time to introduce a semi-annual dividend, with the first payment

being made in May 2009. The dividend has been set at a manageable level which we believe will allow us to continue the internal growth initiatives that have been a key driver of the company in the past, continue to improve our financial strength and at the same time reward our shareholders for their patience. We look at 2009 as a pivotal year in our development as many of our competitors will not survive the operating and financial pressures currently gripping our industry, thereby allowing us to come out of the year in a stronger relative position in the industry. The difficulties we are facing now will make the company stronger going forward as we believe that the efficiencies gained will set us in good stead as activity increases.

The oil and gas services business in Western Canada has always been prone to cycles created by the supply and demand for oil and natural gas and we believe the downturn that we are currently experiencing is simply a part of such a cycle. We firmly believe that we have many advantages relative to our peers to which will become more pronounced in this environment, and we will continue to work diligently to ensure that these advantages are used to the benefit of our customers, employees and shareholders. In time a better operating environment will return, but until then our company will use its new equipment and technology along with its solid financial position to weather these tough times.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tom Alford".

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

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

For the 3 months ended Mar 31,

(Unaudited)

	2009	2008	% Change
Revenue - continuing operations	\$14,007	\$19,520	-28%
Operating costs	9,226	11,685	-21%
Gross margin	4,781	7,835	-39%
Gross margin %	34%	40%	-15%
General and administrative expenses	2,201	1,922	15%
EBITDAS - continuing operations ⁽¹⁾	2,580	5,913	-56%
Per share diluted (1)	0.06	0.13	-54%
Net earnings - continuing operations	82	2,124	-96%
Per share diluted	0.00	0.05	-100%
Net earnings	488	2,710	-82%
Per share diluted	0.01	0.06	-83%
Number of shares outstanding			
Basic	44,296,448	44,251,080	0%
Diluted	44,296,448	44,277,345	0%

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

This Management's Discussion and Analysis (MD&A) focuses on key statistics from the consolidated financial statements of IROC Energy Services Corp. (unless the context indicates otherwise, a reference in this MD&A to "IROC", the "Corporation", "we", "us", or "our" means IROC Energy Services Corp. and includes direct and indirect subsidiaries of IROC and partnership interests held by IROC and its subsidiaries) for the three months ended March 31, 2009 as compared to the three months ended March 31, 2008, 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 months ended March 31, 2009 should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2008 and related notes and material contained in other parts of this report as well as the Corporation's Annual Information Form ("AIF"). Additional information relating to IROC, including IROC's AIF, may be found on SEDAR at www.sedar.com. This MD&A was prepared effective May 8, 2009. All amounts are expressed in Canadian dollars unless otherwise noted.

Cautionary Statement Regarding Forward Looking Information and Statements

Certain statements contained in this MD&A and Annual Report, including statements related to the Corporation's 2009 capital expenditures and growth opportunities, outlook for future oil and gas prices, cyclical industry fundamentals, drilling, completion, workover and abandonment activity levels, the Corporation's ability to fund future obligations and capital expenditures, and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "likely", "estimate", "predict", "potential", "continue", "maintain", "retain", "grow", and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements are based on certain assumptions and analysis made by the Corporation in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. In particular, the Corporation's expectation of uncertain demand and prices for oil and natural gas and the resulting depressed industry activity in 2009, is premised on the Corporation's customers' reductions to their capital budgets, the focus of its customers on

deeper drilling opportunities in the current natural gas pricing environment and the potential impact of the recent global financial crisis on their ability to access capital and its impact on economic activity which translates into demand for oil and gas. The anticipated capital additions to and enhancement of the Corporation's well servicing and rental operations in Canada are premised on access to capital and commodity price influence on cash flows of the Corporation's customers, which directly impact oilfield activity and pricing pressure for IROC services. Whether actual results, performance or achievements will conform to the Corporation's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from the Corporation's expectations. Such risks and uncertainties include, but are not limited to: fluctuations in the price and demand for oil and natural gas; fluctuations in the level of oil and natural gas exploration and development activities; fluctuations in the demand for well servicing; the effects of weather conditions on operations and facilities; the existence of competitive operating risks inherent in well servicing; general economic, market or business conditions; changes in laws or regulations, including taxation, environmental and currency regulations; the lack of availability of qualified personnel or management; the other risk factors set forth under the heading "Business Risks" in this MD&A and other unforeseen conditions which could impact on the use of services supplied by the Corporation. Consequently, all of the forward-looking information and statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that the actual results or developments anticipated by the Corporation will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Corporation or its business or operations. Except as may be required by law, the Company assumes no obligation to update publicly any such forward-looking information and statements, whether as a result of new information, future events, or otherwise.

OVERALL PERFORMANCE

The first quarter of 2009 began with the expectation of continued reduced activity for the oilfield services industry as a result of uncertainty continuing to hang over our industry. The global economic conditions and the uncertainty of commodity prices for oil and gas lead to some of the lowest historical activity levels in the oilfield in Canada and around the world during the first quarter. The result of these factors has had a dramatic effect on oil and gas producers leading to many of our customers reducing their planned activity levels in exploration and development for fiscal 2009 with a focus on balance sheet preservation and matching spending with realistic cash flows. Increased spending by producers is expected to begin again when producers see sustained periods of higher natural gas and oil prices. The downturn in activity brought about by the decline in economic conditions, including a significant decline in commodity prices for oil and gas and the worldwide credit crisis, has led to substantial pricing pressure and lower utilization in all oilfield related services.

IROC was able to substantially strengthen its balance sheet through the timely disposition of certain divisions' assets, thereby providing greater flexibility in a time of uncertainty in our business. Going forward we feel that we have positioned IROC very well on a number of fronts. Actions have been taken to make our balance sheet stronger, appropriate asset rationalizations have been made, administrative costs have been cut, our equipment is best in class, opportunity exists for us to continue to grow and management continues to remain focused on growing shareholder value. We understand that we are in a cyclical business and therefore the need to manage the down side of the cycle is just as important to our longer term viability as it is during periods of greater activity.

Further focus on our core businesses was a key component of our strategy going forward and as such during the fourth quarter of 2008 management solicited interest for the sale of the assets and operations of Oricomm and Envirocore divisions. During the first quarter of 2009 IROC completed the sale of both Oricomm and Envirocore divisions for a total of \$8.44 million, of which \$6.3 million was received in cash and the balance on assumption of notes receivable totaling \$2.14 million resulting in a recorded gain on sale of approximately \$1.0 million. The cash proceeds of \$6.3 million were used to further reduce IROC's outstanding long-term debt.

The benefit of divesting of these divisions allows IROC to focus on its core businesses. Our largest business, Eagle Well Servicing, has shown that it is very competitive in the market place with industry leading utilization, new equipment and technology, and competent personnel across its fleet of 36 service rigs. 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.

Highlights for the first quarter ended March 31, 2009 as compared to same period of 2008:

- IROC's revenue from continuing operations for the first quarter ended March 31, 2009 decreased 28%, from \$19.5 million to \$14 million compared to the same period in 2008. Although IROC had additional equipment capacity year over year from the service rig build program in fiscal 2008 additional revenue growth was hampered as a result of lower than expected utilization and competitive pressure on pricing. Activity levels were also lower in both the Aero Rentals and Canada Tech divisions year over year for the first quarter as a result of the low demand brought about by low commodity prices for oil and gas driving customers to reduce their spending significantly.
- EBITDAS from continuing operations for the three months ended March 31, 2009 was \$2.6 million or \$0.06 per share, compared to \$5.9 million, or \$0.13 per share, in the same period of 2008. EBITDAS for the quarter decreased \$3.3 million or 56% year over year mainly as a result of lower activity levels across the industry. Additionally, operating costs were higher as field personnel wages were increased in October 2008 at a time when the industry activity levels were reducing. Pricing to customers is usually increased to partially offset some of these higher costs and with the increased competitive environment and lower demand from customers, pricing increases were not achievable. Generally costs associated with field activities have not moved directionally with the lower demand environment. EBITDAS as a percentage of revenue was 18.4% and 30.3% for the three months ended March 31, 2009 and 2008, respectively.
- The Corporation recorded net earnings from continuing operations of \$0.1 million, or earnings of \$0.00 per share, for the three months ended March 31, 2009 compared to net earnings of \$2.1 million, or earnings of \$0.05 per share, for the comparable period for 2008. The decrease in the net earnings for the three months ended March 31, 2009 compared to 2008 is due to lower margins on its services and products as a result of lower utilization and lower prices in some cases and partially offset by lower interest costs for debt servicing due to significant debt reductions.
- Further strengthened our balance sheet by reducing debt levels with cash proceeds of approximately \$6.3 million from the sale of Oricomm and Envirocore divisions and the discontinuance of these operations during the first quarter. IROC exited the first quarter of 2009 with net debt of \$7 million.
- On April 27, 2009 IROC's board of directors declared a semi-annual cash dividend on its common shares of three cents. The dividend will be payable May 21, 2009, to shareholders of record at the close of business on May 7, 2009. Over the past few months IROC has significantly reduced debt obligations through the strategic dispositions of three divisions. While the total proceeds from these dispositions were approximately \$40-million, the dispositions did not significantly reduce the profitability or cash flow. Also, we expect to incur only minimal capital costs in the near term given the newer, high-quality assets in all our businesses. Management and the board believe our balance sheet is strong, ongoing cash flows are adequate and that pursuing a business model that includes paying a dividend in addition to funding accretive expansion over time is a prudent course of action. Accordingly, the board has determined that it is appropriate to initiate a dividend for the benefit of our shareholders at this time.

IROC's continuing operations are reported in two segments. The Drilling and Production Services segment includes well servicing and oilfield rental equipment product lines. The Technology Services segment includes the downhole tool manufacturing product line. 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 March 31, 2009 of \$11.8 million or 84% of total consolidated revenue for the quarter as compared to the corresponding period in 2008 of \$15.2 million or 78% of total revenue. Equipment utilization during the first quarter of 2009 was lower than the comparable period of 2008 as a result of reduced demand in activity in the industry as whole. For the three months ended March 31, 2009, the Drilling and Production Services segment generated positive EBITDAS of \$3.7 million compared to \$6.1 million in the same period of 2008 a decrease of 39%. The decrease year over year was from lower utilization of equipment, lower gross margins driven by

increases in field wages while customer pricing remained relatively flat year over year due to the competitive environment.

Eagle Well Servicing (“Eagle”), which comprises a significant portion of the Drilling and Production Services segment, finished the first quarter of 2009 with a fleet of 36 service rigs, an increase of 2 service rigs from the end of fiscal 2008. The average number of rigs available in the first quarter of 2009 compared to 2008 increased to 34.2 rigs from 30 rigs as a result of our organic rig builds through 2008 and continuing in the first quarter of 2009. Eagle’s utilization during the first quarter of 2009 was approximately 43% compared 63% utilization in the comparable period of 2008. Revenue per hour remained relatively flat decreasing only \$1 per hour from same period in 2008. Eagle continued to increase its capacity by completing the build of two previously announced service rigs during the first quarter of 2009 to bring its total fleet of service rigs to 36. Revenue generated from Eagle during the first quarter of 2009 was \$10.4 million compared to \$13.5 million in the same period of 2008, a decrease of 23%. EBITDAS for the first quarter of 2009 from Eagle was \$3.4 million compared to \$5.5 million in the same period of 2008, a decrease of 38%. EBITDAS was hampered by higher variable operating costs primarily from the increase in field wage costs implemented during the fourth quarter of 2008 based on recommended wage increases by the CAODC and lower customer demand that lead to one of the lowest utilization levels experienced during the normally high activity winter season.

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. During the first quarter of 2009 Aero contributed revenue of \$1.4 million compared to \$1.7 million in the prior year period, a decrease of 20%. EBITDAS was \$0.3 million for the first quarter of 2009 compared to \$0.6 million in the same period of 2008. Aero was significantly affected by the slower industry activity during the first quarter of 2009 which resulted in equipment utilization and pricing at lower levels than expected. The costs in this division are somewhat fixed in nature and as such has led to lower EBITDAS for the periods of low activity. Depending on activity levels, Aero should generate higher gross margins as activity improves leading to better performance.

TECHNOLOGY SERVICES

The Technology Services segment is solely comprised of our Canada Tech division. 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. This segment generated revenue of \$2.2 million, or 16% of the Corporation’s total consolidated revenue, for the three months ended March 31, 2009, compared to \$4.3 million or 22% of total consolidated revenue for the comparable period of fiscal 2008. Product sales decreased year over year as Canada Tech was affected by the slowdown in the oil and gas industry worldwide. In the past year the Canada Tech division has focused significant efforts on developing international market penetration. The international market generally has longer lead times to complete the sales process as it is more complex on all levels, including but not limited to bid processes, logistics of delivery and collection of receivables. For the three months ended March 31, 2009, Canada Tech had negative EBITDAS of \$0.2 million compared to positive EBITDAS of \$0.8 million in the same period of 2008, a decrease of 121%. The primary result of decreased EBITDAS is attributable to the lower than expected product sales volume year over year. The margin on products improved by approximately 15% from the benefit of improved foreign exchange rates on our sales denominated in US dollars offset by lower volume of sales to spread the same level of fixed overhead costs leading to lower profitability in the quarter. Subsequent to the quarter end, we have initiated cost reductions in a number of areas including reduced head count and elimination of discretionary spending in a number of areas to assist in improving profitability for the remainder of the year.

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 three months ended March 31, 2009 was negative \$1.0 million compared to negative \$0.9 million for the comparable period of 2008.

RESULTS OF OPERATIONS

Revenue

For the three months ended March 31, 2009, IROC recorded quarterly revenue from continuing operations of \$14 million compared to \$19.5 million in the same period of 2008, a decrease of \$5.5 million or 28%. Although IROC had additional equipment capacity year over year from the service rig build program in fiscal 2008 additional revenue growth was hampered as a result of lower than expected utilization on equipment in Eagle and Aero, competitive pressures on pricing and lower product sales volumes in Canada Tech. Low demand was brought about by the unprecedented drop in commodity prices for oil and gas driving customers to reduce their spending significantly during the first quarter of 2009.

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:

	<u>For the 3 months ended Mar 31,</u>	
	<i>(Unaudited)</i>	
	2009	2008
REVENUE SOURCE		
Drilling and Production Services	84%	78%
Technology Services	16%	22%
TOTAL	100%	100%

We expect the allocation of revenues for fiscal 2009 will be approximately 75% from Drilling and Production Services and 25% from Technology Services.

Operating Costs and Gross Margin

For the three months ended March 31, 2009 operating costs of continuing operations were \$9.2 million (66% of revenue) as compared to \$11.7 million (60% of revenue) in the comparable period of 2008. Gross margins decreased in the first quarter of 2009 moving to 34% versus 40% for the corresponding period in 2008. While a large portion of our costs are variable in nature the lower equipment utilization and lower product sales volumes year over year during the first quarter of 2009 affected efficiencies in our operations in both fixed and variable operating cost leverage. Variable operating costs have increased year over year, specifically in hourly wage increases made to rigs crews by the industry to start the fourth quarter of 2008. Pricing increases were implemented to start the fourth quarter to attempt to recoup these costs and maintain margins. As a result of significantly lower demand for services, creating a highly competitive environment, pricing pressure has increased affecting margins on a go forward basis as field wages have remained at the higher levels. We continue to focus on operating cost efficiencies in all areas of our business and have reduced head count and discretionary spending where possible to match costs with activity levels.

General and Administrative Expenses

General and administrative expenses ("G&A") for the three month period ended March 31, 2009 were \$2.2 million (15.7% of revenue) compared to \$1.9 million (9.7% of revenue) in the comparable period of 2008. The year over year increase of \$0.3 million is primarily attributable to increased headcount in sales and marketing for both Eagle and Canada Tech divisions compared to the same period of 2008. Management continued to invest in our sales and marketing efforts to try and reduce the impact of the declining market conditions in all of our businesses. Late in the first quarter reductions in headcount in our administrative and support areas were implemented and this should assist in reducing costs for the remainder of the year. Further, management has curtailed a number of discretionary expenditures for 2009 and continues to review G&A expenses for further reductions to match spending with expected activity levels.

Stock-based Compensation Expense

Stock-based compensation expense totaled \$0.1 million for the three months ended March 31, 2009 compared to \$0.1 million in the comparable period of 2008. 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.

Depreciation and Amortization

For the three months ended March 31, 2009 depreciation expense and amortization of intangible assets from continuing operations totalled \$2.0 million, an overall increase of 5% compared to \$1.9 million of depreciation and amortization in the corresponding period of 2008. The increase is a direct result of the Corporation's increases in the depreciable asset base from internal capital build programs. For the three months ended March 31, 2009 and 2008, depreciation and amortization of continuing operations as a percentage of revenue was 14.4% and 9.8%, respectively.

Interest Expense

Interest expense decreased by \$1.1 million for the three months ended March 31, 2009 compared to the same period in 2008. The decrease is from the Corporation reducing its overall debt position by approximately \$40 million since the first quarter of 2008 coupled with lower interest rates on the debt carried compared to 2008. The Corporation continued to use cash flow from operations to reduce its current debt obligations and with the sales of Oricomm and Envirocore divisions in the first quarter of 2009 interest expense will continue to be reduced in 2009.

Loss/Gain on disposal of Property and Equipment

For the three months ended March 31, 2009, the gain on disposal of property and equipment was marginal and relates to the sale or disposal of minor non-core service equipment on our continuing operations only during the quarter.

Income taxes

The total income tax expense for the three months ended March 31, 2009 totalled \$54 thousand as compared to \$574 thousand in the corresponding period of 2008. At the expected combined income tax rate of 29%, net earnings before income taxes from continuing operations for the three months ended March 31, 2009 of \$136 thousand would have resulted in an income tax provision of approximately \$40 thousand compared to the actual provision booked of \$54 thousand. There was an increase of approximately \$14 thousand for non-deductible items for income tax purposes. The Corporation had no current income tax expense in the current quarter as it has adequate tax pools available to reduce its current tax exposure.

SUMMARY OF QUARTERLY RESULTS

The following table presents the unaudited selected financial data for each of the last eight quarters of the Corporation ended March 31, 2009:

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

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	2009	2008	2008	2008	2008	2007	2007	2007
Revenue-continuing operations	14,007	17,004	18,647	10,154	19,519	14,978	13,899	9,560
Net earnings (loss) from continuing operations	82	1,786	1,995	(1,922)	2,124	(57)	(18)	(1,106)
Per share – basic	0.00	0.04	0.05	(0.04)	0.05	0.00	0.00	(0.03)
Per share - diluted	0.00	0.04	0.05	(0.04)	0.05	0.00	0.00	(0.02)
Net earnings (loss)	488	1,522	286	(2,170)	2,710	196	369	(1,681)
Per share – basic	0.01	0.03	0.01	(0.05)	0.06	0.00	0.01	(0.04)
Per share - diluted	0.01	0.03	0.01	(0.05)	0.06	0.00	0.01	(0.04)

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.

DISCONTINUED OPERATIONS

During the fourth quarter of 2008, management identified its safety, communication and monitoring operations, Oricomm, included in the Technology Services segment, and its lease construction operations segment, Envirocore, included in the Drilling and Production Services segment, to be disposed of in order for the Corporation to focus on its core business operations. The disposal groups consisted of certain fixed assets consisting of field equipment, shop equipment and the data acquisition centre used in the safety, communication and monitoring operations and heavy equipment and field equipment used in the lease construction operations. On February 10, 2009 the Corporation entered into a definitive agreement to sell the safety, communication and monitoring operations. The transaction closed on February 26, 2009 for cash consideration of \$3.0 million and the assumption of a note receivable of \$0.64 million. On February 26, 2009 the Corporation entered into a definitive agreement to sell the lease construction operations. The transaction closed on February 27, 2009 for cash consideration of \$3.3 million and the assumption of a note receivable of \$1.5 million. Both of the notes receivable bear interest at commercial terms and are repayable over periods ranging from two to three years and are not based on any contingent factors.

Revenue from discontinued operations for the first quarter ended March 31, 2009 was \$0.3 million and net earnings from discontinued operations was \$0.4 million compared to 2008 where revenue from discontinued operations was \$6.1 million and net earnings from discontinued operations was \$0.6 million.

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. The credit facility renewal is May 30, 2009 and IROC is currently negotiating the terms of the renewal with its lenders and will provide an update once completed. IROC's ability to access its debt facilities is dependent on maintaining certain financial covenant ratios, among other factors. At March 31, 2009, IROC had \$23.3 million drawn upon the debt facilities. The remaining \$52.2 million in available facilities consists of \$9.4 million in an extendible revolving operating credit facility and \$42.8 million in the extendible revolving term facility. Management believes these debt facilities combined with IROC's ability to generate positive funds flow from operations will be sufficient to finance the Corporation's current business operations. The Corporation's ability to generate positive funds flow from operations will be important to allowing IROC to not only prosper during the current slowdown in industry activity but also allow IROC to be in a position to take advantage of growth opportunities that may present themselves during 2009.

As a result of the substantial reduction in total debt levels of the Corporation all covenants of the credit facility were in compliance at March 31, 2009 and based on expected future cash flows we anticipate no future non-compliance issues with our existing credit facility financial ratios.

At March 31, 2009 the Corporation had positive working capital, excluding current portion of long-term debt and notes receivable, of \$11 million as compared to \$9.8 million at December 31, 2008. The primary reason for the increase in the working capital is from lower debt levels on the operating line, slightly higher levels of accounts receivable and lower accounts payable. IROC used its available cash flow generated from operations to continue to reduce its outstanding debt levels through the first quarter of 2009.

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:

Contractual Obligations	Payments Due by Period				
	Total	Next 12 months	1-3 years	4-5 years	After 5 years
Long-term debt	\$ 20,150	\$ 5,597	\$ 14,553	\$ -	\$ -
Obligations under capital lease	\$ 40	\$ 30	\$ 10	\$ -	\$ -
Operating leases(1)	\$ 3,877	\$ 1,363	\$ 1,797	\$ 662	\$ 55
Total contractual obligations	\$ 24,067	\$ 6,990	\$ 16,360	\$ 662	\$ 55

(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 March 31, 2009 were \$2.1 million, which is predominantly related to the completion of the carryover of two service rigs under constructions of the previously announced build program in 2008 and maintenance capital expenditures and infrastructure support. These capital expenditures were financed using cash generated from operations and available debt facilities.

Our strategy to organically grow our capital asset base, focused on our core businesses, has resulted in IROC having capital assets, as a whole, in new or like new condition. Our service rigs represent the largest percentage, 80%, of the Corporation's overall net book value of fixed assets.

The vast majority of the capital budget relates to maintenance capital only as the Corporation intends to focus its efforts on operating the current equipment base and utilize available cash flows generated from operations to reduce its outstanding debt levels. While opportunities to grow continue to exist management will evaluate these opportunities and consider adjusting the capital program if conditions warrant.

OUTSTANDING SHARE DATA AND NORMAL COURSE ISSUER BID

Effective December 16, 2008, the Corporation received approval from the Toronto Stock Exchange ("TSX") to implement a Normal Course Issuer Bid ("NCIB") commencing on December 19, 2008 and terminating on December 18, 2009. Purchases were made at the discretion of management at prevailing market prices, through the facilities of the TSX. As of May 1, 2009, a total of 111,944 shares were acquired and cancelled under the NCIB. The Corporation intends to cancel all shares acquired under the NCIB.

Balance at January 1, 2009	44,335,215
Shares repurchased and returned to treasury under NCIB	(111,944)
Balance at May 1, 2009	44,223,271

OFF BALANCE SHEET ARRANGEMENTS

IROC has not entered into any off-balance sheet arrangements other than the operating leases mentioned above.

TRANSACTIONS WITH RELATED PARTIES

There were no significant or material transactions with related parties during the three months ended March 31, 2009.

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

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 has assessed the impact of this new section on its consolidated financial statements and noted no 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.

Business combinations and consolidations

New Canadian accounting standards for Business Combinations, Consolidated Financial Statements and accounting for non-controlling interest holders have been issued. The purpose of these standards and revisions are to further align the Canadian accounting standards with IFRS. Although these standards are to be applied prospectively to transactions on or after January 1, 2011, early adoption is permitted. The Corporation does not anticipate that these standards will have a material impact on the Corporation’s financial statements unless the Corporation completes a business combination or creates a non-controlling interest in a subsidiary.

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>	For the 3 months ended Mar 31,	
	<i>("Unaudited")</i>	
	2009	2008
Net earnings (loss) - continuing operations	\$82	\$2,124
Add:		
Depreciation and amortization	2,011	1,914
Other interest	73	135
Interest on long-term debt	212	975
Interest and accretion on debentures	0	236
Interest income on note receivable	(12)	0
Stock based compensation expense	110	76
Foreign exchange loss (gain)	54	(64)
Loss (gain) on disposal of equipment	(4)	(57)
	2,526	5,339
Income taxes:		
Current (recovery)	0	0
Future (recovery)	54	574
EBITDAS - continuing operations	2,580	5,913
EBITDAS - per share basic	0.06	0.13
EBITDAS - per share diluted	0.06	0.13

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. A complete discussion on business risks faced by the Corporation may be found under "Risk Factors" in the Corporation's Annual Information Form dated March 26, 2009 which is available under the Corporation's profile at www.sedar.com.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

While the Corporation is continually improving controls, no material changes were made during the three month period ended March 31, 2009 that would materially affect or are reasonably likely to materially affect the Corporation's disclosure controls and internal controls over financial reporting.

OUTLOOK

The outlook for 2009 remains uncertain. The global economic crisis is affecting all industries and the fall in oil and gas commodity pricing from the highs seen in the third quarter of 2008 continue to have a significant adverse affect on the oilfield service business. The conditions appear to have hindered the ability for oil and gas producers to access debt or equity markets to finance their operations. Most producers have substantially reduced their spending for 2009 with a focus on balance sheet preservation and matching spending with realistic cash flows. Increased spending by producers are expected to begin again when producers see sustained periods of higher natural gas and oil prices. Any positive change in commodity pricing will positively affect our outlook with any movement in oil providing the most immediate increase in utilization. The declining utilization and competitive pricing environment will likely continue through the second quarter of 2009 and potentially longer depending upon oil and gas prices.

Going forward we feel that we have positioned IROC well on a number of fronts. Actions have been taken to strengthen our balance sheet, appropriate asset rationalizations have been made, administrative costs have been cut, our equipment is best in class, opportunity exists for us to continue to grow and management continues to remain focused on growing shareholder value. We understand that we are in a cyclical business and therefore need to manage the down side of the cycle just as we need to during better times.

For further information, please contact:

Thomas M. Alford, President & CEO

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Facsimile: (403) 263 - 1182

E-mail: investorrelations@iroccorp.com

Consolidated Financial Statements of

IROC ENERGY SERVICES CORP.

Three months ended March 31, 2009 and 2008

IROC ENERGY SERVICES CORP.

Consolidated Balance Sheets

Expressed in thousands of dollars
(Unaudited)

	March 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	12,285	13,128
Notes receivable (note 3)	750	-
Inventory	4,393	4,130
Prepaid expenses and deposits	540	452
Income taxes receivable	72	72
Assets of discontinued operations (note 8)	1,105	3,615
	<u>19,146</u>	<u>21,398</u>
Notes receivable (note 3)	1,390	-
Intangible assets	4,180	4,487
Property and equipment	65,163	64,759
Goodwill	6,850	6,850
Assets of discontinued operations (note 8)	-	7,170
	<u>\$ 96,729</u>	<u>\$ 104,664</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Operating loan	\$ 3,134	\$ 4,716
Accounts payable and accrued liabilities	4,145	6,393
Current portion of long-term debt (note 4)	5,627	4,891
Liabilities of discontinued operations (note 8)	94	472
	<u>13,000</u>	<u>16,472</u>
Long-term debt (note 4)	14,563	20,116
Future income taxes	4,667	4,132
Shareholders' equity:		
Share capital (note 5)	51,506	51,591
Contributed surplus (note 5(c))	3,678	3,526
Retained earnings	9,315	8,827
	<u>64,499</u>	<u>63,944</u>
Subsequent event (note 9)		
	<u>\$ 96,729</u>	<u>\$ 104,664</u>

See accompanying notes to the interim consolidated financial statements.

Approved on behalf of the Board:

"Thomas Alford" Director

"Brian Neeland" Director

IROC ENERGY SERVICES CORP.

Consolidated Statements of Income, Comprehensive Income, and Retained Earnings

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

	Three months ended	
	March 31,	
	2009	2008
Revenue	\$ 14,007	\$ 19,520
Expenses:		
Operating	9,226	11,685
General and administrative	2,201	1,922
Stock-based compensation	110	76
Depreciation and amortization	2,011	1,914
Interest on long-term debt	212	975
Interest and accretion on debentures	-	236
Other interest	73	135
Interest income	(12)	-
Gain on disposal of property and equipment	(4)	(57)
Foreign exchange loss (gain)	54	(64)
	13,871	16,822
Earnings before income taxes from continuing operations	136	2,698
Income taxes:		
Future	54	574
	54	574
Net income and comprehensive income from continuing operations	82	2,124
Net income and comprehensive income from discontinued operations (note 8)	406	586
Net income and comprehensive income	488	2,710
Retained earnings, at beginning of period	8,827	6,479
Retained earnings, at end of period	\$ 9,315	\$ 9,189
Earnings per share from continuing operations:		
Basic	\$ 0.00	\$ 0.05
Diluted	\$ 0.00	\$ 0.05
Earnings per share from discontinued operations:		
Basic	\$ 0.01	\$ 0.01
Diluted	\$ 0.01	\$ 0.01
Earnings per share:		
Basic	\$ 0.01	\$ 0.06
Diluted	\$ 0.01	\$ 0.06
Weighted average number of shares outstanding:		
Basic	44,296,448	44,251,080
Diluted	44,296,448	44,277,345

See accompanying notes to the interim consolidated financial statements.

IROC ENERGY SERVICES CORP.

Consolidated Statement of Cash Flows

Expressed in thousands of dollars
(Unaudited)

	Three months ended	
	March 31,	
	2009	2008
Cash flows from operating activities:		
Net earnings from continuing operations	\$ 82	\$ 2,124
Items not affecting cash:		
Depreciation and amortization	2,011	1,914
Future income taxes	54	574
Stock-based compensation	110	76
Non-cash accretion on debentures	-	96
Gain on disposal of property and equipment	(4)	(57)
	<u>2,253</u>	<u>4,727</u>
Changes in non-cash working capital balances (note 6)	(874)	(3,170)
	<u>1,379</u>	<u>1,557</u>
Discontinued operations (note 8):		
Funds (used in) provided by discontinued operations	(151)	1,553
Changes in non-cash working capital balances of discontinued operations	2,131	622
	<u>3,359</u>	<u>3,732</u>
Cash flows from investing activities:		
Proceeds on disposal of property and equipment - discontinued operations	6,042	-
Purchase of property and equipment – continuing operations	(2,137)	(683)
Change in non-cash working capital balances (note 6)	(906)	-
Proceeds on disposal of property and equipment - continuing operations	88	231
Purchase of property and equipment – discontinued operations	(4)	-
	<u>3,083</u>	<u>(452)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(4,817)	(27)
Operating loan repayments	(1,582)	(2,930)
Shares repurchased for cancellation	(43)	-
Issuance of common shares	-	17
Loan commitment fees	-	(340)
	<u>(6,442)</u>	<u>(3,280)</u>
Change in cash during the period	-	-
Cash, beginning of period	1	1
Cash, end of period	<u>\$ 1</u>	<u>\$ 1</u>

See accompanying notes to the interim consolidated financial statements.

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

1. Basis of presentation:

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, 2008 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, 2008 contained in the Corporation's 2008 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 months ended March 31, 2009 and 2008.

(a) Changes in accounting policies:

i) Goodwill and intangible assets:

Effective January 1, 2009, the Corporation adopted new Canadian accounting standards related to goodwill and intangible assets (Section 3064). The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Corporation has assessed the impact of this new Section on its consolidated financial statements and noted no impact to its goodwill or intangible assets.

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.

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

1. Basis of presentation (continued):

(a) Changes in accounting policies (continued):

iii) Business combinations and consolidations

New Canadian accounting standards for Business Combinations, Consolidated Financial Statements and accounting for non-controlling interest holders have been issued. The purpose of these standards and revisions are to further align the Canadian accounting standards with IFRS. Although these standards are to be applied prospectively to transactions on or after January 1, 2011, early adoption is permitted. The Corporation does not anticipate that these standards will have a material impact on the Corporation's financial statements unless the Corporation completes a business combination or creates a non-controlling interest in a subsidiary.

(b) Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

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. Note receivable:

	March 31, 2009	December 31, 2008
Note receivable, interest at 6% payable monthly. Repayment terms are interest only until March 31, 2012 upon which the entire principal amount is due and payable (note 8).	\$ 640	\$ -
Note receivable, interest at 7% payable monthly. Repayment terms are interest only until March 31, 2010 upon which \$750 principal becomes due. The balance is to be paid in blended monthly payments of principal and interest until maturity on March 31, 2011 (note 8).	\$ 1,500	\$ -
	2,140	-
Less current portion	750	-
	\$ 1,390	\$ -

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

4. Long-term debt:

	March 31, 2009	December 31, 2008
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 0.75%. The effective interest rate at March 31, 2009 was 3.25%. 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 in monthly payments over a period of three years.	\$ 20,150	\$ 24,950
Obligations under capital leases, repayable in monthly installments totaling \$4 plus interest at rates varying from 3.8% to 12.2%, secured by the specific equipment	40	57
	20,190	25,007
Less current portion	5,627	4,891
	\$ 14,563	\$ 20,116

5. Share capital:

(a) Issued:

	Number	Amount
Balance at December 31, 2008	44,335,215	\$ 51,591
Share buy-back (i)	(72,944)	(85)
Balance at March 31, 2009	44,262,271	\$ 51,506

i) On December 16, 2008, the Corporation received approval from the Toronto Stock Exchange ("TSX") to implement a Normal Course Issuer Bid ("NCIB") commencing on December 19, 2008 and terminating on December 18, 2009. Purchases were made at the discretion of management at prevailing market prices, through the facilities of the TSX. As at March 31, 2009, a total of 72,944 shares were acquired and cancelled under the NCIB at a cost of \$43 and a total of \$42 was transferred to contributed surplus upon the share cancellations. The NCIB continues until December 18, 2009 and the Corporation intends to cancel all additional shares acquired under the NCIB.

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

5. Share capital (continued):

(b) Stock option plan:

Changes in the number of common shares under option during the three month period ended March 31, 2009 are summarized as follows:

	Number of options	Weighted average exercise price
Total options outstanding, December 31, 2008	1,880,625	\$ 1.71
Granted	673,498	0.55
Total options outstanding, March 31, 2009	2,554,123	\$ 1.40
Options exercisable at March 31, 2009	1,106,868	\$ 2.16

The weighted average fair value of the options issued during the three month period ended March 31, 2009 was \$0.55 per option using the Black-Scholes option pricing model.

(c) Contributed surplus:

Contributed surplus represents the cost of the stock-based compensation payments relating to the compensation expense for stock options granted to employees, directors and officers and the value of the excess of the book value of shares purchased on the open market by way of the Corporation's Normal Course Issuer Bid over the cost of acquiring the shares.

The following tables summarize information regarding contributed surplus:

Balance, December 31, 2008	\$ 3,526
Stock-based compensation expense	110
Normal Course Issuer Bid (note 5(a))	42
Balance, March 31, 2009	\$ 3,678

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

6. Supplemental cash flow information:

	Three months ended	
	March 31,	
	2009	2008
Interest paid	\$ 285	\$ 1,186
Changes in non-cash working capital items in continuing operations:		
Accounts receivable	\$ 843	\$ (4,647)
Inventory	(271)	628
Prepaid expenses	(104)	(118)
Accounts payable and accrued liabilities	(1,342)	967
	\$ (874)	\$ (3,170)
Changes in non-cash working capital items in investing activities		
Accounts payable	\$ (906)	\$ -

7. Segmented information:

As at March 31, 2009 the Corporation operates in two main segments, which are substantially in one geographic region. Drilling and production services include service rigs and related equipment and oilfield rental equipment and services. Technology services includes the manufacturing and distribution of downhole pressure and temperature measurement tools which provide technology based solutions to assist oil and gas companies in the production of oil and gas.

Three months ended March 31, 2009	Drilling and Production Services	Technology Services	Corporate	Total
Revenue	\$ 11,806	\$ 2,201	\$ -	\$ 14,007
Depreciation and amortization	1,576	306	129	2,011
Interest on long-term debt	-	-	212	212
Interest and accretion on debentures	-	-	-	-
Other interest	-	-	73	73
Net earnings (loss) – continuing operations	2,113	(540)	(1,491)	82
Intangible assets	516	3,280	384	4,180
Goodwill	-	6,850	-	6,850
Property and equipment	62,423	1,760	980	65,163
Capital expenditures	2,075	-	62	2,137
Total Assets from continuing operations	71,478	20,305	3,841	95,624

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

7. Segmented information (continued):

Three months ended March 31, 2008	Drilling and Production Services	Technology Services	Corporate	Total
Revenue	\$ 15,236	\$ 4,284	\$ -	\$ 19,520
Depreciation and amortization	1,498	327	89	1,914
Interest on callable and long-term debt	-	-	975	975
Interest and accretion on debentures	-	-	236	236
Other interest	-	-	135	135
Net earnings (loss) – continuing operations	4,585	536	(2,997)	2,124
Intangible assets	730	4,091	587	5,408
Goodwill	-	6,850	-	6,850
Property and equipment	54,191	2,182	808	57,181
Capital expenditures	534	66	83	683
Total Assets	67,876	23,126	1,578	92,580

8. Discontinued operations:

During the fiscal year ended December 31, 2008, management identified its safety, communication and monitoring operations included in the Technology Services segment, and its lease construction operations included in the Drilling and Production Services segment, to be disposed of in order for the Corporation to focus on its core business operations. The disposal groups consisted of certain fixed assets consisting of field equipment, shop equipment and the data acquisition centre used in the safety, communication and monitoring operations and heavy equipment and field equipment used in the lease construction operations. On February 10, 2009 the Corporation entered into a definitive agreement to sell the safety, communication and monitoring operations. The transaction closed on February 26, 2009 for cash consideration of \$3,000 and the assumption of a note receivable of \$640. On February 26, 2009 the Corporation entered into a definitive agreement to sell the lease construction operations. The transaction closed on February 27, 2009 for cash consideration of \$3,300 and the assumption of a note receivable of \$1,500.

During the fiscal year ended December 31, 2008, 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 September 19, 2008 and \$8,100 was received on October 29, 2008.

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

8. Discontinued operations (continued):

	Three months ended	
	March 31,	
	2009	2008
Revenue from discontinued operations:		
Lease construction, remediation and consulting	\$ -	\$ 1,346
Contract drilling	-	3,161
Safety, communications and monitoring	287	1,584
	287	6,091
Net earnings from discontinued operations before taxes:		
Lease construction, remediation and consulting	216	194
Contract drilling	-	524
Safety, communications and monitoring	671	81
	887	799
Income taxes – future	481	213
Net earnings from discontinued operations	\$ 406	\$ 586

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

	March 31,	December 31,
	2009	2008
Accounts receivable	\$ 1,105	\$ 3,615
Property and equipment	-	5,399
Goodwill	-	1,771
	-	7,170
Total assets of discontinued operations	\$ 1,105	\$ 10,785
Liabilities of discontinued operations	\$ 94	\$ 472

IROC ENERGY SERVICES CORP.

Notes to Interim Consolidated Financial Statements

Three months ended March 31, 2009 and 2008

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

(unaudited)

8. Discontinued operations (continued):

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

	Three months ended	
	March 31,	
	2009	2008
Net earnings from discontinued operations	\$ 406	\$ 586
Items not affecting cash:		
Depreciation and amortization	-	738
Stock based compensation	-	17
Gain on disposal of net assets from discontinued operations	(1,038)	-
Future income taxes	481	212
Funds (used in) provided by discontinued operations	\$ (151)	\$ 1,553
Components of change in non-cash working capital balance of discontinued operations:		
Accounts receivable	\$ 2,509	\$ 583
Accounts payable and accrued liabilities	(378)	39
	\$ 2,131	\$ 622

9. Subsequent event:

On April 27, 2009, the Corporation declared a dividend of \$0.03 (three cents) on its common shares to the shareholders of record at the close of business on May 7, 2009. The dividend will be payable on May 21, 2009.

CORPORATE DIRECTORY

CORPORATE HEADQUARTERS

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EXECUTIVE OFFICE

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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

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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

