MANAGEMENT RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of Flint Energy Services Ltd. is responsible for the preparation of all the information included in this Annual Report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, where necessary, include amounts based on management's informed judgments and estimates. Financial information included elsewhere in this report is consistent with the consolidated financial statements.

Management maintains an appropriate system of accounting and administrative controls to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide reliable consolidated financial statements. In addition, programs of proper business conduct and risk management have been implemented to protect the Company's assets and operations.

KPMG LLP, Chartered Accountants, appointed by the shareholders, have audited the consolidated financial statements and conducted a review of internal accounting policies and procedures to the extent required under Canadian generally accepted auditing standards, and performed such tests as they deemed necessary to enable them to express an opinion on the consolidated financial statements. The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee reviews the financial content of the Annual Report and meets regularly with management and KPMG LLP to discuss internal controls, accounting and auditing and financial matters. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements.

March 13, 2007

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

Terry Freeman
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Flint Energy Services Ltd. as at December 31, 2006 and 2005 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

March 13, 2007

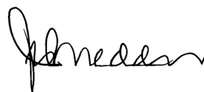
Chartered Accountants
Edmonton, Canada

CONSOLIDATED BALANCE SHEETS

As At December 31 *(in thousands of Canadian dollars)*	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	**$ 11,520**	$ 10,474
Accounts receivable	**291,230**	205,305
Revenue in excess of billings	**205,220**	104,391
Inventories (Note 5)	**38,483**	21,653
Prepaids and other current assets (Note 6)	**20,106**	8,577
Future income tax assets (Note 10(a))	**4,870**	2,464
Income taxes receivable	**2,246**	244
	573,675	353,108
Property, plant and equipment (Note 7)	**428,359**	180,021
Goodwill	**406,563**	198,176
Intangible assets and deferred charges (Note 8)	**59,323**	1,749
Other long-term assets	**2,938**	584
Future income tax assets (Note 10(a))	**427**	818
	$ 1,471,285	$ 734,456
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 187,768**	$ 114,985
Billings in excess of revenue	**9,690**	3,134
Income taxes payable	**36,724**	10,986
Future income tax liabilities (Note 10(a))	**11,233**	5,893
Current portion of long-term debt (Note 9)	**11,997**	5,408
	257,412	140,406
Long-term debt (Note 9)	**367,112**	211,471
Future income tax liabilities (Note 10(a))	**68,781**	27,875
Other long-term liabilities	**800**	–
	436,693	239,346
Shareholders' equity:		
Capital stock (Note 11(a))	**569,096**	203,250
Contributed surplus (Note 12)	**6,475**	5,478
Retained earnings	**214,695**	160,062
Cumulative translation account (Note 13)	**(13,086)**	(14,086)
	777,180	354,704
Commitments and contingencies (Note 15)		
	$ 1,471,285	$ 734,456

See accompanying notes to the consolidated financial statements.

Approved by the Board:



John Geddes, *Director*   W.J. (Bill) Lingard, *Director*

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Years Ended December 31		**2006**		2005
(in thousands of Canadian dollars, except share data)				
Revenue	**$**	**1,455,661**	$	1,031,145
Direct costs		**1,168,156**		829,207
Gross profit		**287,505**		201,938
General and administrative expenses		**125,119**		87,049
Amortization on property, plant and equipment		**33,898**		27,595
Amortization on intangible assets and other deferred charges		**2,383**		638
Stock based compensation expense		**3,562**		2,801
		122,543		83,855
Interest on long-term debt		**18,055**		15,150
Interest income		**(1,848)**		–
Earnings before income taxes		**106,336**		68,705
Income taxes (Note 10(b))				
Current		**51,992**		21,639
Future (recovery)		**(289)**		1,322
		51,703		22,961
Net earnings		**54,633**		45,744
Retained earnings, beginning of year		**160,062**		114,318
Retained earnings, end of year	**$**	**214,695**	$	160,062
Earnings per share:				
Basic (Note 11)	**$**	**1.44**	$	1.37
Diluted (Note 11)	**$**	**1.41**	$	1.35
Weighted average common shares:				
Basic (Note 11)		**37,957,819**		33,453,526
Diluted (Note 11)		**38,811,383**		33,864,778

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31	**2006**	2005
(in thousands of Canadian dollars)		
Cash and cash equivalents provided by (used in):		
Operating activities:		
Net earnings	**$ 54,633**	$ 45,744
Items not affecting cash:		
Amortization on property, plant and equipment	**33,898**	27,595
Amortization on intangible assets and other deferred charges	**2,383**	638
Amortization on deferred finance charges (Note 8)	**335**	261
Gain on disposal of property, plant and equipment	**(496)**	(124)
Stock based compensation expense	**3,562**	2,801
Future income taxes	**(289)**	1,322
Funds provided by operations before changes in non-cash operating working capital	**94,026**	78,237
Change in non-cash balances relating to operations (Note 18)	**(69,841)**	(32,872)
	24,185	45,365
Investing activities:		
Acquisition of subsidiary, net of cash acquired (Note 3)	**(240,653)**	(5,530)
Advance to subsidiary prior to acquisition	**(118,580)**	–
Purchase of property, plant and equipment	**(60,349)**	(37,612)
Proceeds from disposal of property, plant and equipment	**7,387**	6,249
	(412,195)	(36,893)
Financing activities:		
Proceeds from long-term debt	**399,737**	71,083
Repayments of long-term debt	**(258,137)**	(77,981)
Deferred finance costs	**(1,351)**	(65)
Proceeds from issue of capital stock on exercise of options (Note 11(a))	**6,657**	5,742
Proceeds from primary share offering (Note 11(a))	**253,662**	–
Issue costs related to primary share offering (Note 11(a))	**(11,512)**	–
	389,056	(1,221)
Increase in cash and cash equivalents	**1,046**	7,251
Cash and cash equivalents, beginning of year	**10,474**	3,223
Cash and cash equivalents, end of year	**$ 11,520**	$ 10,474
Supplemental cash flow information:		
Net cash (paid) received during the year:		
Interest paid	**$ (12,409)**	$ (14,877)
Interest received	**1,831**	–
Income taxes	**$ (37,199)**	$ (4,045)

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts stated in thousands of Canadian dollars, except share data)

General

Flint Energy Services Ltd. (the "Company") was incorporated in Canada under the Business Corporations Act (Alberta) and commenced operations on April 1, 1998. The Company provides a full range of integrated products and services for the oil and gas industry including: midstream production services, infrastructure construction, oilfield transportation and tubular management services. The Company provides these services from 60 strategic centers in the oil and gas producing regions of western North America from Inuvik in the Northwest Territories to Mission, Texas on the Mexican border. The Company's common stock is traded on the Toronto Stock Exchange under the symbol "FES".

1. Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation

These consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with accounting principles generally accepted in Canada. The consolidated financial statements include the accounts of Flint Energy Services Ltd. and all subsidiary companies. All subsidiary companies are wholly owned and all material intercompany balances and transactions have been eliminated. The Company proportionately consolidates its interests in joint ventures.

(b) Principles of Consolidation

These consolidated financial statements include the financial statements of Flint Energy Services Ltd. and its wholly-owned subsidiaries. The results of operations of subsidiaries acquired during the period are included in these consolidated financial statements from their effective dates of acquisition. All material intercompany balances and transactions have been eliminated upon consolidation.

(c) Measurement Uncertainty

The timely preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions and use judgment regarding reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant estimates used in the preparation of these consolidated financial statements include estimated bad debts on accounts receivable, estimated percentage completion on revenue recognition, estimated useful lives of property, plant and equipment, the fair value of identified intangible assets acquired in business combinations and future cash flows used to estimate the fair value of reporting units for goodwill impairment testing. Accordingly, actual results may differ from these estimates and assumptions.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, balances with banks, cheques issued in excess of cash and short term deposits with original maturities of three months or less.

(e) Business Combinations

Business combinations are accounted for using the purchase method of accounting. The purchase price for an acquisition is allocated to the related net assets based on their estimated fair values. The excess of the purchase price over the fair value of the net assets acquired is attributed to goodwill.

(f) Inventories

Raw materials inventory is recorded at the lower of cost, on a first-in, first-out basis, and net realizable value. Inventories of finished goods and work in progress are recorded at the lower of average cost and net realizable value.

(g) Property, Plant and Equipment

Property, plant and equipment are recorded at original cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the various assets as described below. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term and the estimated useful life of the asset. Capitalized costs associated with assets under construction are capitalized in the period incurred. No amortization is calculated on assets under construction until the asset is placed into use.

The estimated useful lives of the various assets are as follows:

Buildings and improvements	20 years
Construction and automotive equipment	3-15 years
Office furniture and equipment	3-5 years
Buildings and improvements under construction	–
Construction and automotive equipment under construction	–

(h) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's reporting segments that are expected to benefit from the business combination.

Goodwill is not amortized and is tested for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting segment is compared with its fair value. When the fair value of a reporting segment exceeds its carrying amount, goodwill of the reporting segment is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting segment exceeds its fair value, in which case the implied fair value of the reporting segment's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting segment as if it was the purchase price. When the carrying amount of the reporting segment's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

(i) Intangible Assets and Deferred Charges

Intangible assets acquired individually or as part of a group of assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values.

Intangible assets consist of customer relationships, non-competition agreements, licenses and permits and customer orders. The intangible assets with finite lives are amortized on a straight-line basis over their expected lives ranging from one to seven years. Deferred charges relate to direct fees incurred by the Company on negotiating the Company's amended credit facility. These fees have been deferred and are being amortized on an effective yield basis.

(j) Revenue and Cost Recognition

The Company's Production Services and Facility Infrastructure operating segments perform the majority of its projects under the following types of contracts: time-and-materials; cost-plus-fixed-fee; unit-price; and fixed price or lump sum. For all of these contract types revenue is recognized using the percentage-of-completion method, measured by the percentage that incurred costs and units produced to date bear to total expected costs and units to be produced. Contract costs include all direct materials and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repair costs. General and administrative costs are charged to expense as incurred. Changes in project performance, project conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income that are recognized in the period in which such adjustments are determined. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined. Claims for additional contract compensation are only reflected in revenue to the extent that realization is probable and can be reliably estimated. The Company's Oilfield Transportation and Tubular Management & Manufacturing operating segments recognize revenue and related expenses when services are rendered, goods are delivered or ownership transferred and collection is reasonably assured.

(k) Income Taxes

Income taxes are accounted for under the asset and liability method. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement and income tax basis of assets and liabilities. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment or substantive enactment date.

(l) Stock Based Compensation Plan

The Company has a stock based compensation plan. Stock based compensation awards are measured and recognized based on the fair value and are expensed in the financial statements. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus associated with the exercised options, are credited to share capital.

(m) Translation of Foreign Currency

Foreign currency transactions are translated to Canadian dollars by applying exchange rates in effect at the transaction date. At each reporting period end, monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at that date. Foreign exchange gains and losses are included in the determination of earnings.

The Company's investments in its self-sustaining United States subsidiaries are translated using the current rate method. Under this method, all assets and liabilities are translated at exchange rates in effect at the balance sheet date and all income and expenses are translated at average exchange rates for the year. Unrealized translation gains and losses relating to the Company's self-sustaining operations are included in shareholders equity.

(n) Earnings Per Share

Basic earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding during each reporting period. Shares issued during the year and shares reacquired during the year are weighted for the portion of the year that they were outstanding. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(o) Accounting for the Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of by sale are reported at the lower of carrying amount or fair value less costs to sell.

(p) Recent Accounting Pronouncements

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued new accounting standards; Handbook Section 1530 "Comprehensive Income" and Handbook Section 3251 "Equity" for the reporting and disclosure of comprehensive income. Unrealized gains and losses on financial assets that will be held as available for sale, unrealized foreign currency translation amounts arising from self-sustaining foreign operations, and changes in the fair value of cash flow hedging instruments, will be recorded in a Consolidated Statement of Other Comprehensive Income until recognized in the consolidated statements of earnings. These standards are effective for the Company as of January 1, 2007. The Company is in the process of evaluating the impact of these standards and has not determined whether the standards will have a material impact on its consolidated financial statements.

In January 2005, the CICA issued new accounting standards; Handbook Section 3855 "Financial Instruments – Recognition and Measurement" and Handbook Section 3861 "Financial Instruments – Disclosure and Presentation". Under the new standards, all financial instruments will be classified as one of the following: held-to-maturity, loans and receivables, held for trading and available for sale. Financial assets and liabilities held for trading will be measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading will be measured at amortized cost. Available for sale instruments will be measured at fair value with gains and losses recognized in other comprehensive income. These standards are effective for the Company as of January 1, 2007. The Company is in the process of evaluating the impact of these standards and has not determined whether the standards will have a material impact on its consolidated financial statements.

2. *Accounting Policy Changes*

Accounting guideline AcG-15, Consolidation of Variable Interest Entities, has been reviewed and determined to have no material impact on the Company's consolidated financial statements. AcG-15 became effective on January 1, 2005.

3. *Business Combinations*

Acquisitions in Fiscal 2006

Transco Energy Services Ltd.

On December 1, 2006, the Company acquired 100% of the issued and outstanding shares of Transco Energy Services Ltd. ("Transco"). Transco was a privately held energy services company with operations in British Columbia, Alberta, Saskatchewan and the Northwest Territories in Canada. The company operated in two business segments; oilfield transportation and tubular management.

The purchase price for the Transco acquisition totaled $347.8 million. The purchase price was funded through $230.3 million in cash, and 3,759,274 common shares of the Company with a value of $105.1 million. In addition, the Company accrued a $10.2 million payment to the previous Transco shareholders on the finalization of working capital and net debt adjustments under the terms of the acquisition agreement. Acquisition costs of $2.2 million were incurred on the transaction. The finalization of the purchase price remains subject to certain post closing vendor indemnities. On closing the acquisition, the Company repaid $108.6 million of Transco's existing bank debt.

All Other Acquisitions

On July 4, 2006, the Company acquired the business of Denmar Energy Services Ltd. ("Denmar"). Denmar was a privately held company with operations based in Bonnyville, Alberta, Canada and provided small diameter pipeline, facilities construction, maintenance, fabrication, servicing to natural gas installations and general mechanical and contract operator services in the active in-situ and conventional heavy oil areas of eastern Alberta.

The final purchase price for the Denmar acquisition totaled $23.2 million. The purchase price was funded through $13.6 million in cash, 206,896 common shares of the Company with a value of $6.0 million, notes payable of $2.0 million and $1.0 million in other liabilities. The notes payable issued in relation to the Denmar acquisition bear interest at prime plus two percent and are repayable in two equal annual installments. The first annual installment and accrued interest is payable on the first anniversary of the note, July 4, 2007 and the second and final installment and accrued interest is payable on the second anniversary of the note. The other liabilities relate to employee retention bonuses payable over two years following the date of acquisition.

On July 1, 2006, the Company acquired the assets of 3-W Contractors for cash consideration of $1.3 million (USD $1.2 million). 3W Contractors was a privately held company with operations based in Texas, United States.

In 2006, the Company paid an additional $0.5 million to the previous owners of Mackenzie Valley Construction Ltd., based on the finalization of the purchase price. In addition, the previous owners paid $0.9 million into Mackenzie Valley Construction Ltd. The finalization of the purchase price resulted in an increase in goodwill of $0.4 million in fiscal 2006.

The aggregate consideration given and fair values of net assets acquired in the fiscal 2006 acquisitions described above are as follows:

	Transco	Other	Total
The combined purchase price is as follows:			
Cash	$ 230,323	$ 15,459	$ 245,782
Common shares	105,091	5,969	111,060
Notes payable	–	2,000	2,000
Other liabilities	10,232	1,000	11,232
Acquisition costs	2,191	663	2,854
	$ 347,837	$ 25,091	$ 372,928

	Transco	Other	Total
The combined net assets acquired at assigned values:			
Cash	$ 7,343	$ 640	$ 7,983
Net non-cash working capital	52,746	(7,065)	(48,612)
Property, plant and equipment	209,406	18,003	227,409
Long term debt	(124,064)	(3,253)	(127,317)
Future income taxes	(44,476)	(3,594)	(48,070)
Customer relationships	50,133	3,084	53,217
Non-competition agreements	1,536	2,697	4,233
Customer orders	–	1,487	1,487
Goodwill	195,213	13,092	208,305
	$ 347,837	$ 25,091	$ 372,928

The Company is in the process of finalizing its valuation of the net assets acquired, including goodwill and other intangible assets on the Transco and Denmar acquisitions, thus the allocation of the purchase price is subject to refinement.

The goodwill and intangible assets acquired during fiscal 2006 are not deductible for income tax purposes, with the exception of $9.5 million, which has been added to the cumulative eligible capital and an additional $1.5 million related to the customer orders intangible asset.

Acquisitions in Fiscal 2005

Mackenzie Valley Construction Ltd.

On October 31, 2005, the Company acquired 49% of the outstanding common stock of Mackenzie Valley Construction Ltd., a construction and oil and gas production and maintenance services company in Inuvik, Northwest Territories, Canada. These financial statements include the results of operations of this investment since the date of acquisition. This investment is being accounted for as a joint venture.

In 2005, based on the completion of meeting targets contained in a performance agreement, an additional $206 payment was paid to the former owners of Western Slope Oilfield, Inc. The $206 payment has been accounted for as an addition to goodwill in 2005.

The aggregate consideration given and fair values of net assets acquired in the fiscal 2005 acquisitions described above is as follows:

	Total
The combined purchase price is as follows:	
Mackenzie Valley Construction Ltd.	$ 6,413
Western Slope Oilfield, Inc.	206
	6,619
Cash acquired	(1,089)
	$ 5,530

	Total
The combined net assets acquired at assigned values:	
Cash	$ 1,089
Working capital	514
Property, plant and equipment	6,240
Goodwill	420
Long-term debt	(501)
Future income taxes	(1,349)
	$ 6,413

Goodwill resulting from the Mackenzie Valley Construction Ltd. acquisition is not deductible for income tax purposes.

4. Investment in Joint Ventures

On September 28, 2006, the Company announced the establishment of an operation and maintenance joint venture, Flint Transfield Services Limited, with Transfield Services Limited, an Australian company. The Company has a fifty percent interest in the new joint venture, which will provide operations, maintenance, asset management and project management services to the North American energy sector. There was no activity within the joint venture for the year ended December 31, 2006.

The Company also has a 49% interest in Mackenzie Valley Construction Ltd., a joint venture with the Gwich'in Development Corporation. The joint venture provides construction, oil and gas production and maintenance services.

With the acquisition of Transco on December 1, 2006, the Company acquired a 33.3% interest in S.R.P. North Ventures Ltd. This joint venture provides construction and transportation services.

A financial summary of the proportionately consolidated assets, liabilities, revenues, expenses and cash flows included in the consolidated financial statements related to the joint ventures is as follows:

	2006	2005
Balance sheets		
Current assets	**$ 1,236**	$ 2,184
Long-term assets	**4,573**	6,527
Current liabilities	**473**	984
Long-term liabilities	**819**	1,470
Statements of earnings		
Revenue	**4,169**	550
Direct costs, general and administrative, amortization, interest, income taxes	**4,842**	726
Net loss	**673**	176
Statements of cash flows		
Cash generated (used) by operating activities	**497**	(321)
Cash (used) by investing activities	**(198)**	(4)
Cash (used) by financing activities	**(516)**	(69)

5. Inventories

	2006	2005
Raw materials	**$ 14,478**	$ 10,936
Work in progress	**7,693**	5,436
Finished goods	**16,312**	5,281
	$ 38,483	$ 21,653

6. Prepaids and Other Current Assets

	2006	2005
Consumables and spare component parts	**$ 7,849**	$ 1,144
Prepaid insurance and registration	**6,492**	3,942
Prepaid expenses and other assets	**3,395**	2,948
Deposits on equipment	**1,754**	–
Other deposits	**616**	543
	$ 20,106	$ 8,577

7. Property, Plant and Equipment

December 31, 2006	Cost	Accumulated Amortization	Net Book Value
Land	**$ 28,161**	**$ –**	**$ 28,161**
Buildings and improvements	**50,345**	**14,870**	**35,475**
Construction and automotive equipment	**442,256**	**113,472**	**328,784**
Office furniture and equipment	**33,266**	**17,769**	**15,497**
Buildings and improvements under construction	**17,922**	**–**	**17,922**
Construction and automotive equipment under construction	**2,520**	**–**	**2,520**
	$ 574,470	**$ 146,111**	**$ 428,359**

December 31, 2005	Cost	Accumulated Amortization	Net Book Value
Land	$ 10,575	$ –	$ 10,575
Buildings and improvements	41,955	11,098	30,857
Construction and automotive equipment	214,873	99,018	115,855
Office furniture and equipment	31,363	14,316	17,047
Construction and automotive equipment under construction	5,687	–	5,687
	$ 304,453	$ 124,432	$ 180,021

Included in Construction and automotive equipment is $24,363 (2005 - $7,058) of assets under capital lease and $2,073 (2005 - $1,342) of accumulated depreciation for a net book value of $22,290 (2005 - $5,716).

8. Intangible Assets and Deferred Charges

December 31, 2006	Cost	Accumulated Amortization	Net Book Value
Customer relationships	**$ 53,217**	**$ 833**	**$ 52,384**
Non-competition agreements	**4,233**	**303**	**3,930**
Licenses and permits	**2,000**	**2,000**	**–**
Customer orders	**1,487**	**733**	**754**
Deferred finance costs	**2,949**	**836**	**2,113**
Other	**1,133**	**991**	**142**
	$ 65,019	**$ 5,696**	**$ 59,323**

December 31, 2005	Cost	Accumulated Amortization	Net Book Value
Licenses and permits	$ 2,000	$ 1,600	$ 400
Deferred finance costs	1,598	490	1,108
Other	1,129	888	241
	$ 4,727	$ 2,978	$ 1,749

Amortization of deferred finance costs $335 (2005 - $261) are included in interest on long-term debt. The amortization of intangible assets and other deferred charges are included in amortization expense.

9. Long-Term Debt

	2006	2005
Revolving operating loan, interest at Cdn. bank prime plus 0.00% to 0.50% depending upon certain financial ratios, payable monthly in arrears, earliest date principal could be due is November 30, 2009.	**$ 98,909**	$ 70,000
U.S. dollar revolving operating loan, interest at U.S. bank prime plus 0.00% to 0.50% or LIBOR plus 1.25% to 1.50% depending on certain financial ratios, payable monthly in arrears, earliest date principal could be due is November 30, 2009.	**–**	3,256
Mortgage payable, interest at 5.95%, principal and interest payable monthly of $21, with the balance due September 15, 2009.	**1,829**	–
Term loans, interest at 7.57%, payable monthly in arrears, no principal payments, with the balance due April 30, 2011.	**49,000**	49,000
U.S. dollar term loans, interest at 7.77%, payable monthly in arrears, no principal payments, with the balance due April 30, 2011.	**29,135**	29,075
Term loans, interest at 7.57%, payable monthly in arrears, principal payable in quarterly installments of $1,219 starting in 2008, with the balance due April 30, 2011.	**26,000**	26,000
Term loans, interest at 8.38% to 8.63% depending upon certain financial ratios, payable monthly in arrears, principal payable in quarterly installments of $938 starting in 2008, with the balance due November 15, 2011.	**20,000**	20,000
Term loans, interest at CDOR plus 2.00%, payable monthly in arrears, no principal payments, with the balance due December 1, 2011.	**20,000**	–
Term loans, interest at 6.17%, payable monthly in arrears, principal payable in quarterly installments of $2,542 starting in 2011, with the balance due November 30, 2013.	**50,000**	–

	2006	2005
U.S. dollar term loans, interest at 6.83%, payable quarterly in arrears, principal payable in quarterly installments of U.S. $2,033, with the balance due November 30, 2013.	**46,616**	–
U.S. dollar term loans, interest at 6.79%, payable monthly in arrears, principal payable in quarterly installments of U.S. $407, with the balance due November 30, 2013.	**9,323**	–
Capital leases, secured by construction and automotive equipment with an aggregate carrying value of $22,290, interest varying from 3.9% to 7.5%, with terms varying up to 48 months.	**12,128**	2,514
Finance contracts, secured by construction and automotive equipment with an aggregate carrying value of $11,414, interest varying from 0.00% to 6.55%, with terms varying up to 60 months.	**11,054**	6,567
Unsecured promissory notes, interest from 7.0% to 8.0% payable quarterly, principal repayments of $2,000 annually, maturing between February 2007 and September 2008.	**3,000**	–
Unsecured promissory notes, interest at prime plus 2.0%, payable annually in arrears, principal repayments of $1,000 annually, maturing July 4, 2008.	**2,000**	–
Other debt	**115**	291
U.S. dollar term loans, interest at U.S. bank prime plus 0.50% to 1.50% or LIBOR plus 1.75% to 2.75% depending on certain financial ratios, payable monthly in arrears, principal payable in quarterly installments of U.S. $250. The balance was repaid December 11, 2006.	**–**	10,176
	379,109	216,879
Less current portion	**11,997**	5,408
	$ 367,112	$ 211,471

(a) *Terms and Security:*

Maximum available credit under the Canadian and United States revolving operating loans is $175,000 Cdn. and $18,000 U.S., respectively and $165,000 Cdn. and $73,000 U.S. under the term loans. The Company has the ability to request the expansion of the borrowing capacity under the revolving operating loans to $250,000 Cdn and $18,000 U.S., respectively and to a maximum of $325,000 Cdn. under the term loans with the approval of the lenders.

The Company has provided a first charge over all assets under a General Security Agreement as security for the revolving operating loans and the term loans. The Company has also provided a general assignment of book debts, a first charge over all real property assets, pledged all shares of its subsidiaries and an assignment of insurance.

The credit facilities require the Company to meet certain covenants. The Company was in compliance with these covenants at December 31, 2006 and 2005.

During 2006, in connection with the acquisition of Transco, the Company entered into an amended credit agreement with its existing syndicate of Canadian and United States financial institutions and two new financial institutions to provide the revolving and term loans described above. Under the terms of the credit agreement, the Canadian financial institutions provide the Canadian dollar denominated funds with the United States financial institutions providing the United States dollar denominated funds.

(b) Principal payments are due as follows:

	Capital leases	Other long term debt	Total
2007	$ 4,600	$ 7,397	$ 11,997
2008	3,138	13,360	16,498
2009	2,244	111,116	113,360
2010	1,747	10,082	11,829
2011	390	140,627	141,017
Thereafter	9	84,399	84,408
	$ 12,128	$ 366,981	$ 379,109

10. Income Taxes

(a) The tax effects that give rise to significant portions of the future income tax assets and liabilities are presented below:

	2006	2005
Future income tax assets:		
Current:		
Contract retentions payable and accrued liabilities	**$ 1,686**	$ 514
Billings in excess of revenue	**1,352**	115
Investment in partnership	**1,815**	1,819
Other	**17**	16
Total current future income tax assets	**4,870**	2,464
Non-current:		
Tax value in excess of carrying value of property, plant and equipment	**3,276**	334
Intangible assets	**3,474**	311
Losses carried forward	**1,155**	–
Other	**281**	173
Total non-current future income tax assets	**8,186**	818
Future income tax liabilities:		
Current:		
Contract retentions receivable	**551**	493
Deferred partnership income	**10,682**	5,400
Total current future income tax liabilities	**11,233**	5,893
Non-current:		
Carrying value of property, plant and equipment in excess of tax value	**57,404**	26,345
Intangible assets	**17,890**	136
Investment in partnership	**1,135**	1,250
Other assets	**111**	144
Total non-current future income tax liabilities	**76,540**	27,875
Net future income tax liabilities	**$ 74,717**	$ 30,486

In assessing whether the future tax assets are realizable, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon projections for future taxable income, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the future tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

At December 31, 2006, loss carry forwards of $3,467 are available to reduce taxable income of certain Canadian subsidiaries. These losses expire as follows:

2014	$	69
2015		1,675
2026		1,723
	$	3,467

(b) In 2002, the Company commenced using a Quebec Trust as part of its corporate structure. The Quebec National Assembly recently passed into law Bill 15 to amend the Quebec Taxation Act and other legislative provisions. Bill 15 includes retroactive changes to the Act that has the impact of creating Quebec taxable income for the Company for the 2002, 2003, 2004 and 2005 taxation years. Notices of reassessment, dated June 28, 2006 for these years amount to $15.5 million of income taxes and $3.3 million of interest for a total reassessment of $18.8 million.

On September 25, 2006, the Company filed the notices of objection in relation to the notices of reassessment received from the Government of Quebec. The Company continues to consider alternatives to reduce the potential exposure for Quebec tax created as a result of this retroactive legislation. The Company has recorded $15.5 million in income tax expense and $4.2 million in interest expense for the year ended December 31, 2006 in relation to the reassessments. The income tax and interest expense on the Quebec tax reassessments has been included in income taxes payable at December 31, 2006. There remains the possibility that the eventual exposure under the legislation may be reduced and the Company will pursue all avenues of appeal and planning available to mitigate the tax liability.

Actual income tax expense differs from the "expected" income tax expense that would have been computed by applying the statutory income tax rates as follows:

Years ended December 31		**2006**		2005
Federal and provincial statutory income tax rates		**32.5%**		33.6%
Expected income tax expense	**$**	**34,560**	$	23,085
Changes in income tax expense resulting from:				
Jurisdictional tax rate differences		**1,927**		(1,103)
Changes in tax rates impacting future income tax balances		**(2,270)**		132
Quebec retroactive tax reassessments		**15,455**		–
Non-deductible interest from Quebec tax reassessments		**1,369**		–
Realized foreign exchange on inter company balance		**(959)**		–
Non-deductible items		**1,659**		975
Other		**(38)**		(128)
Actual income tax expense	**$**	**51,703**	$	22,961

11. Capital Stock

On October 11, 2006, the Board of Directors of the Company approved a two-for-one stock split of the outstanding common shares of the Company. The common shares began trading on a split basis on the Toronto Stock Exchange on December 13, 2006, being the second trading day preceding the record date of December 15, 2006. The numbers of authorized but unissued shares of the Company's common stock were not changed as a result of the stock split. Unless otherwise stated, all references to share and per share amounts in these consolidated financial statements have been retroactively restated to give effect to this stock split.

(a) Issued Capital Stock:

Authorized:

Unlimited common shares

Unlimited preferred shares

Issued:

	Note	Common Shares		Amount
Balances at December 31, 2004		33,173,914	$	195,929
Shares issued in conjunction with:				
Exercised employee stock options	11(a)(i)	560,938		5,742
Transfer from contributed surplus for stock options exercised	11(a)(i), 12	–		1,579
Balances at December 31, 2005		33,734,852	$	203,250
Shares issued in conjunction with:				
Exercised employee stock options	11(a)(i)	594,772		6,657
Transfer from contributed surplus for stock options exercised	11(a)(i),12	–		2,565
Primary share offering, May 2006, net of issuance costs	11(a)(ii)	4,000,000		112,482
Primary share offering, November 2006, net of issuance costs	11(a)(iii)	4,873,000		133,220
Shares issued on acquisition of Denmar, net of issuance costs	11(a)(iv)	206,896		5,969
Shares issued on acquisition of Transco, net of issuance costs	11(a)(v)	3,759,274		104,953
Balances at December 31, 2006		47,168,794	$	569,096

(i) During the year ended December 31, 2006, the Company issued 594,772 (2005 – 560,938) common shares under the Company's stock option plan at prices ranging from $8.75 to $12.50 (2005 - $6.25 to $11.57) per share for total proceeds of $6,657 (2005 - $5,742). In addition, $2,565 (2005 - $1,579) was transferred from contributed surplus to share capital in respect of options exercised during 2006 that were part of grants occurring since January 1, 2002, when the Company adopted the fair value method.

(ii) On May 2, 2006, the Company completed a primary share offering of 4,000,000 common shares for gross aggregate proceeds of $116,000. The Company incurred share issuance costs totaling $3,518, net of future taxes of $1,567, with respect to the May 2, 2006 primary share offering.

(iii) On November 1, 2006, the Company completed a share offering of 4,430,000 common shares of the Company at a price of $28.25 per share for gross aggregate proceeds of $125,148. Additionally, on November 30, 2006, the over-allotment option granted to the underwriters in connection with this share offering was exercised in full, resulting in the sale of an additional 443,000 common shares at a price of $28.25 per share. In total, 4,873,000 common shares were issued for gross proceeds of $137,662. The Company incurred share issuance costs totaling $4,442, net of future taxes of $1,985, with respect to the November 1, 2006 share offering.

(iv) On July 4, 2006, the Company issued 206,896 common shares of the Company on the acquisition of Denmar to the previous shareholders of the acquired company.

(v) On December 1, 2006, the Company issued 3,759,274 common shares of the Company on the acquisition of Transco to the previous shareholders of the acquired company.

(b) Stock Based Compensation Plan:

The Company has an incentive stock option plan for certain employees, officers and directors. Options issued under the plan vest at a rate of one third on the three subsequent award date anniversaries, except for 150,000 options which vest one year after their award date. All the options must be exercised over specified periods not to exceed five years from the date granted. In 2006, the Company amended the incentive stock option plan to increase the number of shares reserved for issuance from 3,209,514 to twelve percent of the total number of issued and outstanding shares of the Company from time to time. At December 31, 2006, 3,514,141 common shares remained reserved for issuance under the option plan.

The continuity of the Company's outstanding and exercisable stock options for the years ended December 31, 2006 and 2005, is as follows:

Options	**Shares**	**2006 Weighted Average Exercise Price**	Shares	2005 Weighted Average Exercise Price
Outstanding at beginning of year	**1,622,804**	**$ 11.70**	1,664,414	$ 10.87
Granted	**1,175,150**	**$ 24.84**	580,000	$ 12.64
Forfeited	**(57,068)**	**$ 21.48**	(60,672)	$ 11.38
Exercised	**(594,772)**	**$ 11.19**	(560,938)	$ 10.24
Outstanding at end of year	**2,146,114**	**$ 18.77**	1,622,804	$ 11.70
Options exercisable at end of year	**686,040**	**$ 11.89**	679,786	$ 11.19

The following table summarizes information about the stock options outstanding and exercisable at December 31, 2006:

	Options Outstanding			Options Exercisable	
Exercise Price Ranges as at December 31, 2006	Number Outstanding	Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$10.00 - $10.99	192,602	1.22	$ 10.67	192,602	$ 10.67
$11.00 - $11.99	465,336	1.77	$ 11.50	361,328	$ 11.48
$12.00 - $12.99	307,426	3.19	$ 12.51	82,110	$ 12.51
$13.00 - $19.99	50,000	3.88	$ 18.50	50,000	$ 18.50
$20.00 - $24.99	1,004,600	4.16	$ 24.25	–	$ –
$25.00 - $29.99	86,150	4.71	$ 29.03	–	$ –
$30.00 - $35.00	40,000	4.79	$ 31.28	–	$ –
	2,146,114	3.27	$ 18.77	686,040	$ 11.89

The fair value of common share options is estimated as at the grant date using the Black-Scholes option-pricing model, with the following weighted-average assumptions:

	2006	2005
Risk-free interest rate	**3.0%**	4.0%
Expected life	**3.68 years**	4.7 years
Expected volatility	**35%**	31%
Expected dividends	**$ –**	$ –

In computing diluted earnings per share, there were 853,564 stock options included in the diluted number of common shares for the year ended December 31, 2006 (411,252 stock options were included in 2005).

12. Contributed Surplus

For stock options granted to employees, officers and directors after January 1, 2002, the Company records compensation expense using the fair value method as outlined in Note 11 (b). Compensation costs are recognized over the vesting period to stock based compensation expense and an increase to contributed surplus. When options are exercised, the fair-value amount in contributed surplus is credited to share capital. During the years ended December 31, 2006 and 2005, contributed surplus has changed as follows:

	2006	2005
Balance at beginning of year	**$ 5,478**	$ 4,256
Stock-based compensation expense	**3,562**	2,801
Stock options exercised	**(2,565)**	(1,579)
Balance at end of year	**$ 6,475**	$ 5,478

13. Cumulative Translation Account

Exchange gains and losses arising from the translation of the financial statements of the Company's self-sustaining foreign operations are deferred and included in the cumulative translation account. When there is a reduction in the Company's net investment in a self-sustaining foreign operation, a proportionate amount of the cumulative translation account is included in the determination of consolidated net earnings.

Significant changes in the cumulative translation account are as follows:

	2006	2005
Balance at beginning of year	**$ (14,086)**	$ (12,306)
Effect of exchange rate changes during the year	**1,000**	(1,780)
Balance at end of year	**$ (13,086)**	$ (14,086)

14. Related Party Transactions

All transactions are provided in the normal course of business at exchange amounts agreed upon by the related parties. Related party transactions include transactions with parties that are related by equity investment, parties related by common directors and transactions with other private companies owned or controlled by officers or directors.

	2006	2005
Revenue:		
Transportation and supply of materials	**$ 69**	$ 3
Expenses:		
Transportation and supply of materials reported in direct costs	**$ 675**	$ 174
Information system support reported in general and administrative expenses	**450**	404
	$ 1,125	$ 578
Accounts payable at end of year	**$ 109**	$ 59

On December 1, 2006 the Company acquired 100% of the issued and outstanding shares of Transco Energy Services Ltd. ("Transco"). Prior to the acquisition, the Company and Transco had a common shareholder and director. The transaction was recorded at the exchange amount, as there was a substantive change in ownership interests and the Company obtained independent evidence to support the purchase price on the transaction.

15. Commitments and Contingencies

Future minimum annual operating lease payments for construction equipment, vehicles, office equipment and premises are as follows:

2007	$	32,650
2008		25,784
2009		18,211
2010		10,139
2011		5,734
Thereafter		–
	$	92,518

The vehicle leases are at normal commercial terms. Following the end of the minimum lease terms, the Company has the option to rent the vehicles on a month-to-month basis or return them to the lessors. Under the commercial lease terms, the Company has provided the lessors with residual value guarantees. At December 31, 2006, the undiscounted maximum amount of potential future payments under these guarantees aggregate to approximately $30,160 (2005 - $24,328). The Company does not expect these amounts to have a material impact on the financial position or the results of the Company in the future.

At December 31, 2006, the Company entered into an agreement for the construction of a manufacturing building in Casper, Wyoming, United States. Construction on the new building commenced prior to December 31, 2006. The Company has an additional commitment under the agreement of $2,699 at December 31, 2006, which will be incurred in fiscal 2007.

At December 31, 2006, the Company was involved in various legal claims related to the normal course of operations. Management believes that it has adequately provided for these legal claims.

16. Pension Plan

The Company has a defined contribution pension plan for salaried employees, which the Company provides a contribution of 5% of participant earnings. The Company funded contributions of $2,815 for the year ended December 31, 2006 (2005 - $2,155).

17. Financial Instruments

(a) Risk Management

(i) Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of accounts receivable and revenue in excess of billings. The Company's customer base consists primarily of major international oil and energy transmission companies. The Company provides allowances for credit losses in the period in which anticipated losses become known.

At December 31, 2006, two customers accounted for 15.1% and 14.8% of the Company's accounts receivable and revenue in excess of billings (2005 – one customer with 18%). There are no other single customers with a balance greater than 10% of the total of accounts receivable and revenue in excess of billings.

(ii) Interest Rates

The Company is exposed to interest rate risk through the utilization of fixed and floating rate facilities to finance operations. The Company attempts to minimize the short-term interest rate risk and effective cost of borrowing by purchasing banker's acceptance notes.

At December 31, 2006, the increase or decrease in earnings before income taxes for each one percent change in interest rates on floating rate debt would amount to $1,339 (2005 - $819).

(iii) Foreign Currency

The Company is exposed to foreign currency fluctuations in relation to its operations in the United States. Management believes this exposure is not material given that the United States operations are self-sufficient and self-funding since the cash flow from operations is used to settle all debt arising from operations or from the expansion of the United States operations.

(iv) Market Risk

The Company's customers are primarily engaged in the business of exploring for and producing oil and natural gas in Canada and the United States. The financial well being of these companies is affected by the price of these commodities.

(b) Fair Value of Financial Instruments

The fair value of financial instruments, other than long-term debt, approximates their carrying amounts due to the short-term maturity of those instruments.

The estimated fair value of long-term debt has been determined based on market information where available, or by discounting future payments of interest and principal at estimated interest rates that would be available to the Company at year-end. At December 31, 2006 the fair value is determined to be approximately $360,288 (2005 - $214,692).

18. Change in Non-Cash Balances Relating to Operations

	2006	2005
Accounts receivable	**$ (11,525)**	$ (34,140)
Revenue in excess of billings	**(106,091)**	(56,026)
Inventories	**2,931**	(814)
Income taxes receivable	**(1,913)**	5,895
Prepaids and other current assets	**(7,323)**	(1,070)
Other assets	**(877)**	277
Accounts payable and accrued liabilities	**27,049**	40,127
Billings in excess of revenue	**6,556**	1,893
Income taxes payable	**21,352**	10,986
	$ (69,841)	$ (32,872)

19. Segmented Information

As at December 31, 2006 the Company is operating within four reportable business segments, each of which are distinct business units that offer different products and services within the oil and natural gas industry. These reportable business segments include Production Services, Facility Infrastructure, Oilfield Transportation, and Tubular Management & Manufacturing.

During 2006, the Company operated principally in two business segments; Production Services and Facility Infrastructure. On December 1, 2006, the Company added the Oilfield Transportation and Tubular Management & Manufacturing segments through the acquisition of Transco (Note 3). As a result, the Company has reclassified its segment disclosures to include these new business segments and has provided comparative information where applicable.

The Production Services operating segment provides pipeline work, day-to-day field facility installation and maintenance services, as well as electrical, instrumentation, mechanical, safety, pressure and vacuum, and fluid hauling.

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

The Oilfield Transportation operating segment includes specialized hauling of oversized and over weight modules, vessels, equipment and machinery, tank truck services, drilling rig moving and heavy hauling of associated drilling rig equipment, heavy construction equipment, service rig and light hauling services to and from drilling site locations.

The Tubular Management & Manufacturing operating segment includes inspection, threading, refurbishment and bucking of drill pipe and oil country tubular goods, manufacturing of high density pipe, the assembly of oil and natural gas process piping and equipment design, manufacturing and distribution of oilfield production equipment.

The Company evaluates performance and allocates resources based on earnings before interest, taxes, depreciation, amortization and stock based compensation. The accounting policies for each of these business segments are the same as those described in the summary of significant accounting policies and practices (Note 1).

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

	Production Services	Facility Infrastructure	Oilfield Transportation	Tubular Management & Manufacturing	Total
Year ended December 31, 2006					
Revenue	**$ 913,642**	**$ 426,599**	**$ 17,391**	**$ 98,029**	**$ 1,455,661**
EBITDA[1]	**97,626**	**43,976**	**3,771**	**17,013**	**162,386**
Amortization	**23,667**	**7,389**	**2,481**	**2,744**	**36,281**
Capital expenditures	**41,254**	**10,464**	**2,448**	**6,183**	**60,349**
Additions to goodwill	**13,173**	**–**	**158,151**	**37,062**	**208,386**
Goodwill	**173,190**	**28,900**	**158,151**	**46,322**	**406,563**
Total assets	**902,910**	**360,182**	**123,573**	**84,620**	**1,471,285**
Year ended December 31, 2005					
Revenue	$ 658,839	$ 290,925	$ –	$ 81,381	$ 1,031,145
EBITDA[1]	80,864	25,907	–	8,118	114,889
Amortization	19,125	8,083	–	1,025	28,233
Capital expenditures	28,946	7,607	–	1,059	37,612
Additions to goodwill	626	–	–	–	626
Goodwill	160,017	28,900	–	9,259	198,176
Total assets	485,900	200,318	–	48,238	734,456

Revenue from the Company's two largest customers, including their affiliated entities, accounted for approximately 13.3% and 12.6% of total consolidated revenues for the year ended December 31, 2006 (19.2% and 10.2% for year ended December 31, 2005). Both the Production Services and Facility Infrastructure operating segments performed work for the Company's two largest customers, with the Facility Infrastructure segment earning the majority of the revenue from both customers.

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

	Canada	United States	Total
Year ended December 31, 2006			
Revenue	**$ 1,089,256**	**$ 366,405**	**$ 1,455,661**
Property, plant and equipment	**381,655**	**46,704**	**428,359**
Goodwill	**379,500**	**27,063**	**406,563**
Total assets	**1,286,654**	**184,631**	**1,471,285**

	Canada	United States	Total
Year ended December 31, 2005			
Revenue	$ 760,313	$ 270,832	$ 1,031,145
Property, plant and equipment	146,502	33,519	180,021
Goodwill	172,025	26,151	198,176
Total assets	596,726	137,730	734,456

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

20. Comparative Information

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