

FLOTEK

*Adding Value to our Customers
Products and Services*



2005 Annual Report

Corporate Profile

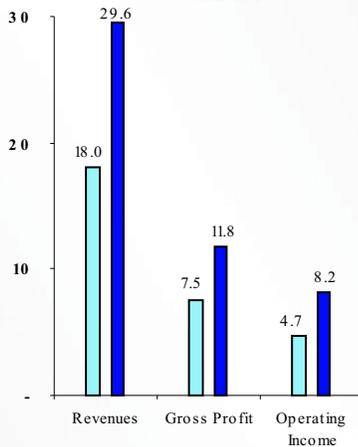
Flotek Industries, Inc. supplies drilling and production products and services to the oil, natural gas and mining industries worldwide. The Company's core business consists of:

- Specialty Chemicals and Logistics
- Drilling Sales, Rentals and Service
- Production Products

Flotek Industries, Inc. is listed on the American Stock Exchange, and its common stock trades under the symbol "FTK."

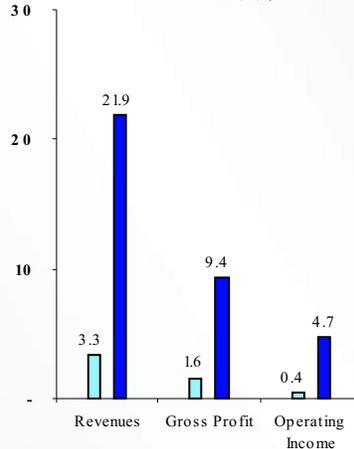
CHEMICALS and LOGISTICS

Millions \$



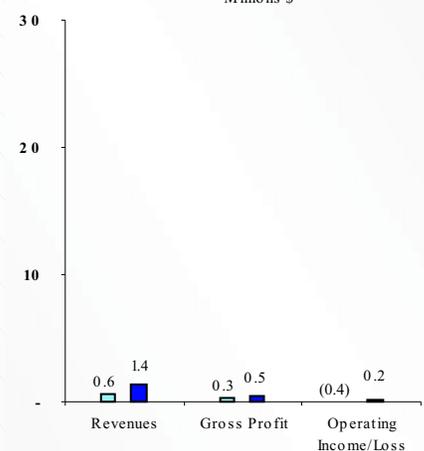
DRILLING PRODUCTS

Millions \$



PRODUCTION PRODUCTS

Millions \$



— *Letter to Shareholders* —

Flotek continued to make great strides toward long term stated goals in 2005. It has been a year of unprecedented accomplishments in which each of our business segments made important contributions.

Our goal for the Drilling Products segment was to envelop the domestic drilling tools market through strategic alignment and acquisitions. The integration of Spidle Sales and Services with Turbeco was a significant advancement in the drilling and mining markets. Subsequently, Flotek acquired Harmon Machine Works and Galleon Mining in the Permian Basin of West Texas. This was followed by the purchase of Precision-LOR.

The development of our Petrovalve product line into a larger artificial lift group was a stated goal for 2005 for our Production Products segment. Sales for 2005 in our Production Products segment increased in 2005 compared to 2004. Our first step in developing a truly viable artificial lift group is our pursuit of the coal bed methane marketplace. This new venue will expand our artificial lift group and further grow our Production Products segment.

Our Chemicals and Logistics segment continued its growth by producing record revenues. This growth was accomplished by geographic expansion throughout the U.S. market and successful entry into several international venues in Russia, Canada, Mexico and Venezuela. Within the segment, growth of our proprietary offerings now represents approximately 50% of sales, while another 15% is the result of contracts with a major customer to blend their proprietary product. Our environmentally friendly “green” chemicals continue to advance in revenue and market share. We are making headway in establishing Flotek's first international location in the Netherlands. This facility became operational in the first quarter of 2006.

Our research efforts have resulted in another patented product to be commercialized in the first quarter of 2006. This product, an iron dissipating agent used primarily in the stimulation process, will replace a non-patented product, thus giving us a stronger offering to the chemical (mining) industry.

A major goal for 2005 was the continued enhancement of the Company's value and credibility. Strengthening the balance sheet was the key component to the achievement of this goal. Our debt structure was improved by the completion of a multi-million dollar credit facility and the subsequent repayment of all of our subordinated debt. Our balance sheet was further strengthened by our private placement stock offering in August which raised additional capital for the Company.

The goal of increased visibility was achieved through participation in investor conferences and further enhanced by our listing on the American Stock Exchange in July.

A special thanks to all employees for your hard work and dedication, and thank you to our customers and shareholders for your continued confidence. This has been an incredible year, and I look ahead with enthusiasm to 2006.

The Flotek mission statement reminds us that if we serve our customers well, our shareholders will benefit. Following our mission statement Flotek continues to deliver its promise of outstanding business results and will do so in the years to come.

In conclusion 2005 was a continuation of management's goal to build a larger, more profitable oilfield service company. We accomplished much; however management is striving to give our owners more value, greater liquidity and profits that are above our peer group. This progress is the result of a culture, dedication and enthusiasm of our entire organization. From the director level of our firm to the field service personnel there is a "can do" attitude.

As we tell ourselves and those interested in our firm, "what we are today is not what we'll be in the future." Believe it!

Sincerely,



Jerry D. Dumas, Sr.
Chairman & Chief Executive Officer



CORPORATE DIRECTORY

Board of Directors

Jerry D. Dumas, Sr. (1998)
Chairman of the Board

John W. Chisholm (1999)
Member, Compensation Committee

Dr. Glenn S. Penny (2001)

Gary M. Pittman (1997)
Chairman, Compensation Committee
Member, Audit Committee

Barry E. Stewart (2001)
Chairman, Audit Committee

Richard O. Wilson (2003)
Member, Audit Committee

William R. Ziegler (1997)
Member, Compensation Committee

Corporate Officers

Jerry D. Dumas, Sr.
Chief Executive Officer,
Chairman of the Board

Dr. Glenn S. Penny
President, Chief Technical Officer,
Chemical Patents

Lisa Meier
Chief Financial Officer,
Vice President

Rosalie T. Melia
Corporate Secretary

Shareholder Information

Annual Meeting

The Company's Annual Meeting of Stockholders will be held at 2:00 p.m. CST on May 18, 2006, at the Houston Racquet Club
10709 Memorial
Houston, Texas 77024

Stock Exchange Listing

The Company's common stock trades on the American Stock Exchange, under the symbol "FTK."

Transfer Agent

American Stock Transfer & Trust Company
6201 15th Ave.
Brooklyn, New York 11219
800-937-5449

Independent Auditors

UHY Mann Frankfort Stein & Lipp CPAs, LLP
12 Greenway Plaza, Suite 1202
Houston, Texas 77046-1291
(713)960-1706

For more information, please write to our Corporate Office:
Investor Relations
7030 Empire Central Drive
Houston, Texas 77040
Contact us at (713) 849-9911, or visit our website at www.flotekind.com

