



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): August 4, 2005

**NATURAL GAS SERVICES GROUP, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Colorado  
(State or other jurisdiction  
of Incorporation or organization)

1-31398  
(Commission File  
Number)

75-2811855  
(IRS Employer  
Identification No.)

2911 South County Road 1260 Midland, Texas  
(Address of Principal Executive Offices)

79706  
(Zip Code)

432-563-3974  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### Item 2.02. Results of Operations and Financial Condition.

On August 4, 2005, Natural Gas Services Group, Inc. issued a news release announcing the registrant's results of operations for its second quarter ended June 30, 2005. The news release issued on August 4, 2005 is furnished as Exhibit No. 99 to this Current Report on Form 8-K. Natural Gas Services Group's reports on Forms 10-KSB, 10-QSB and 8-K and other publicly available information should be consulted for other important information about the registrant.

The information in this Current Report on Form 8-K, including Exhibit No. 99 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

### Item 9.01. Financial Statements and Exhibits.

#### (c) Exhibits

The Exhibit listed below is furnished as an Exhibit to this Current Report on Form 8-K.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99	News release issued August 4, 2005 (furnished pursuant o Item 2.02)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATURAL GAS SERVICES GROUP, INC.

By: /s/ Stephen C. Taylor

Stephen C. Taylor, President

Dated: August 4, 2005

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99	News release issued August 4, 2005 (furnished pursuant to Item 2.02)

[LOGO]

FOR IMMEDIATE RELEASE

August 4, 2005

NEWS  
Amex — NGS, NGS.WS

**NATURAL GAS SERVICES GROUP ANNOUNCES SECOND QUARTER AND SIX  
MONTHS FINANCIAL RESULTS; AND  
CONFERENCE CALL**

**218% Increase In Revenue For The Three Months to \$12 Million**

**214% Increase In Revenue For The Six Months to \$23 Million**

MIDLAND, Texas, August 4, 2005 — Natural Gas Services Group, Inc. (AMEX:NGS), a leading provider of equipment and services to the natural gas and oil industry, announces its financial results for the second quarter and six months ended June 30, 2005.

**Natural Gas Services Group, Inc.**

	Second Quarter 2005	Second Quarter 2004	<u>Change</u>	Six Months 2005	Six Months 2004	<u>Change</u>
Revenues	\$12,031,039	\$ 3,782,065	218%	\$23,072,274	\$ 7,350,416	214%
Net Income	\$ 1,070,239	\$ 365,755	193%	\$ 1,968,599	\$ 759,494*	159%
EPS (Basic)	\$ 0.16	\$ 0.06	166%	\$ 0.29	\$ 0.14*	114%
EPS (Diluted)	\$ 0.13	\$ 0.06	119%	\$ 0.25	\$ 0.13*	97%
Net cash provided by operations				\$ 3,422,375	\$ 1,636,599*	109%
EBITDA	\$ 3,206,961	\$ 1,375,890	133%	\$ 6,005,516	\$ 2,728,620*	120%
Weighted avg. shares outstanding:						
Basic	6,899,664	5,396,527		6,807,466	5,230,927	
Diluted	8,049,091	5,611,115		7,931,735	5,598,747	

\* Excludes non-recurring proceeds attributable to life insurance payment in the amount of \$1,500,000 in the first quarter of 2004.

**Revenue:** Revenue for the second quarter ended June 30, 2005, increased 218% to approximately \$12,031,000 as compared to \$3,782,000 for the same period in 2004. Revenues for the six months ended June 30, 2005, increased 214% to approximately \$23,073,000 as compared to \$7,350,000 for the same period in 2004. The increase in revenue during the second quarter and six months of 2005 reflects an increase in revenue primarily as a result of the acquisition of SCS in January 2005 and the continued addition of compressor units to our rental fleet.

**Income:** Net income for the three months ended June 30, 2005, increased 193% to approximately \$1,070,000 or \$.13 per share (diluted), as compared to net income of approximately \$366,000 or \$.06 per share (diluted) for the same period in 2004. Net income for the six months ended June 30, 2005, increased 159% to approximately \$1,969,000 or \$.25 per share (diluted), as compared to approximately \$759,000 or \$.13 per share (diluted) for same period in 2004. This is mainly due to the increases in our rental activity and unit sales from our SCS subsidiary.

EBITDA (see discussion of EBITDA at the end of this release) increased 133% to approximately \$3,207,000 for the three months ended June 30, 2005, versus \$1,376,000 for the same period in 2004. EBITDA increased 120% to approximately \$6,006,000 for the six months ended June 30, 2005, versus \$2,729,000 for the same period in 2004.

**Rental Fleet:** NGS's rental fleet grew by 25%, or 150 units, during the six months ended June 30, 2005. The Company ended the period with 735 compressor packages in its rental fleet, up from 585 units at December 31, 2004 and 488 units at June 30, 2004. The Company added 74 gas compressors to its rental fleet in the quarter ended June 30, 2005.

Steve Taylor, President and CEO of Natural Gas Services Group, Inc. said, "As reflected in our results, NGS employees have worked hard to produce another excellent quarter for the Company. This is our 13th consecutive quarter of profitable growth. This quarter's success reflects the effective and smooth integration of Screw Compression Systems (SCS).

"Our revenue has tripled and net income has more than doubled over the comparative periods due to our acquisition of SCS and the continued growth of our core rental business. We had previously estimated adding 250-300 units to our rental fleet through 2005 and we are on-track with 150 units built through June. The Company is making excellent progress executing our geographic and customer growth plans. We are equally gratified our rental units are being placed at a near 93% utilization rate. Our SCS subsidiary continues to be very busy with fabrication and direct sales activity and is providing an important balance to, and source of, equipment for our rental fleet.

"I am optimistic that in this, or any market, NGS will continue to deliver increasing value to our customers and shareholders." concluded Mr. Taylor.

The Company has scheduled a conference call Thursday, August 4, 2005 at 3:00 PM Central Daylight Time to discuss 2005 Second Quarter and Six Months Financial Results.

**What: Natural Gas Services Group, Inc. 2005 Second Quarter and Six Months Financial Results Conference Call**

**When:** August 4, 2005 at 3:00 PM Central Daylight Time

**How: Live via phone by dialing 800-936-4602. Code: Natural Gas Services. Participants to the Conference call should call in at least 5 minutes prior to the start time.**

Steve Taylor, President and CEO of Natural Gas Services Group, Inc. will be leading the call and discussing second quarter and six months financial results. Mr. Taylor and Wallace Sparkman,

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Chairman, will discuss the status of the industry and the role of the Company within the industry and offer an outlook on the balance of fiscal year 2005.

*About Natural Gas Services Group, Inc. (NGS)*

NGS manufactures, fabricates, sells, leases and services natural gas compressors that enhance the production of oil and gas wells. The Company also manufactures and sells flare systems and flare ignition systems for plant and production facilities.

For More Information, Contact:

Wallace Sparkman, Investor Relations  
800-580-1828  
Jim Drewitz, Investor Relations  
972-355-6070  
jdrewitz@comcast.net

Or visit the Company's website at [www.ngsgi.com](http://www.ngsgi.com)

"EBITDA" reflects net income or loss before interest, taxes, depreciation and amortization. EBITDA is a measure used by analysts and investors as an indicator of operating cash flow since it excludes the impact of movements in working capital items, non-cash charges and financing costs. Therefore, EBITDA gives the investor information as to the cash generated from the operations of a business. However, EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States of America ("GAAP"), and should not be considered a substitute for other financial measures of performance. EBITDA as calculated by NGS may not be comparable to EBITDA as calculated and reported by other companies. The most comparable GAAP measure to EBITDA is net income. The reconciliation of EBITDA to net income is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
EBITDA	\$ 3,206,961	\$ 1,375,890	\$ 6,005,516	\$ 2,728,620
Adjustments to reconcile EBITDA to net income:				
Amortization and depreciation	(999,102)	(582,349)	(1,949,917)	(1,109,034)
Interest expense	(509,067)	(193,943)	(930,840)	(374,551)
Provision for income tax	(628,553)	(233,843)	(1,156,160)	(485,541)
Net income	<u>\$ 1,070,239</u>	<u>\$ 365,755</u>	<u>\$ 1,968,599</u>	<u>\$ 759,494</u>

Except for historical information contained herein, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause NGS's actual results in future periods to differ materially from forecasted results. Those risks include, among other things, the loss of market share through competition or otherwise; the introduction of competing technologies by other companies; a prolonged, substantial reduction in oil and gas prices which could cause a decline in the demand for NGS's products and services; and new governmental safety, health and environmental regulations which could require NGS to make significant capital expenditures. The forward-looking statements included in this press release are only made as of the date of this press release, and NGS undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. A discussion of these factors is included in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission.

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**Natural Gas Services Group, Inc.**  
Consolidated Balance Sheet  
(unaudited)  
June 30, 2005

**ASSETS**

<b>Current Assets:</b>	
Cash and cash equivalents	\$ 827,612
Accounts receivable — trade, net of allowance	5,029,886
Inventory	11,564,510
Prepaid expenses	339,302
Total current assets	<u>17,761,310</u>
Lease equipment, net of accumulated depreciation	34,323,293
Other property, plant and equipment, net of depreciation	6,747,549
Goodwill, net of accumulated amortization	8,136,310
Intangible, net of accumulated amortization	4,141,013
Restricted cash	2,000,000
Other assets	139,225
Total Assets	<u><u>\$73,248,700</u></u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current Liabilities:</b>	
Current portion of long term debt	\$ 7,604,883
Bank line of credit	—
Accounts payable and accrued liabilities	6,028,766
Unearned Income	567,333
Total current liabilities	<u>14,200,982</u>
Long term debt, less current portion	19,507,182
Subordinated notes, net of discount	4,456,777
Deferred income tax payable	4,051,660
Total liabilities	<u>42,216,601</u>
Common Stock	68,994
Paid in Capital	22,507,717
Retained Earnings	8,455,388
Shareholders' Equity	<u>31,032,099</u>
Total Liabilities and Shareholders' Equity	<u><u>\$73,248,700</u></u>

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**Natural Gas Services Group, Inc.**  
Consolidated Income Statements  
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
<b>Revenue:</b>				
Sales	\$ 7,440,360	\$ 852,255	\$ 14,586,497	\$ 1,742,220
Service and maintenance income	696,133	510,120	1,159,914	933,722
Leasing income	3,894,546	2,419,690	7,325,863	4,674,474
	12,031,039	3,782,065	23,072,274	7,350,416
<b>Cost of revenue:</b>				
Cost of sales	5,577,018	601,275	11,199,185	1,247,669
Cost of service and maintenance	513,334	355,605	803,433	691,855
Cost of leasing	1,549,352	762,051	2,757,110	1,330,460
Total Cost of Revenue	7,639,704	1,718,931	14,759,728	3,269,984
Gross Margin	4,391,335	2,063,134	8,312,546	4,080,432
<b>Operating Cost:</b>				
Selling expense	252,230	225,221	481,921	402,610
General and administrative expense	939,708	454,966	1,843,508	943,225
Depreciation and amortization	999,102	582,349	1,949,917	1,109,034
	2,191,040	1,262,536	4,275,346	2,454,869
Operating income	2,200,295	800,598	4,037,200	1,625,563
Interest expense	(509,067)	(193,943)	(930,840)	(374,551)
Other income (expense)	7,564	(7,057)	18,399	1,494,023
Income before income taxes	1,698,792	599,598	3,124,759	2,745,035
Provision for income tax	628,553	233,843	1,156,160	485,541
Net income	1,070,239	365,755	1,968,599	2,259,494
Preferred dividends	—	25,355	—	53,277
<b>Net income available to common shareholders</b>	<b>\$ 1,070,239</b>	<b>\$ 340,400</b>	<b>\$ 1,968,599</b>	<b>\$ 2,206,217</b>
<b>Earnings per share:</b>				
Basic	\$ 0.16	\$ 0.06	\$ 0.29	\$ 0.42
Diluted	\$ 0.13	\$ 0.06	\$ 0.25	\$ 0.39
<b>Weighted average Shares:</b>				
Basic	6,899,664	5,396,527	6,807,466	5,230,927
Diluted	8,049,091	5,611,115	7,931,735	5,598,747

**Natural Gas Services Group, Inc.**  
Consolidated Statements of Cash Flows  
(unaudited)

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 1,968,598	\$ 2,259,495
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	1,949,917	1,109,034
Deferred taxes	1,093,660	481,116
Amortization of debt issuance costs	32,478	32,478
Gain on disposal of assets	(44,619)	8,137
<b>Changes in current assets and liabilities:</b>		
Trade and other receivables	(192,101)	(494,029)
Inventory and work in progress	(2,540,695)	(949,688)
Prepaid expenses and other	(151,019)	(47,878)
Accounts payable and accrued liabilities	1,429,223	951,771
Deferred income	(390,980)	(194,111)
Other assets	267,914	(19,746)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>3,422,376</u>	<u>3,136,599</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(9,109,926)	(5,651,754)
Assets acquired, net of cash	(7,566,059)	—
Proceeds from sale of property and equipment	211,034	28,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(16,464,951)</u>	<u>(5,623,754)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from bank loans	17,285,517	3,995,177
Repayments of long term debt	(5,140,257)	(1,533,092)
Dividends paid on preferred stock	—	129,450
Proceeds from exercise of warrants and stock options	1,039,740	(53,277)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>13,185,000</u>	<u>2,538,258</u>
<b>NET INCREASE IN CASH</b>	142,425	51,103
<b>CASH AT BEGINNING OF PERIOD</b>	685,187	176,202
<b>CASH AT END OF PERIOD</b>	<u>\$ 827,612</u>	<u>\$ 227,305</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ 887,094	\$ 374,551
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Assets acquired for issuance of subordinated debt	<u>\$ 3,000,000</u>	
Assets acquired for issuance of common stock	<u>\$ 5,120,438</u>	