

CE Franklin Ltd.
Interim Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30 2005	June 30 2004	June 30 2005	June 30 2004
<i>(in thousands of Canadian dollars, except per share data)</i>				
Sales	91,899	67,002	220,271	156,034
Cost of sales	73,735	54,890	178,444	129,235
Gross profit	18,164	12,112	41,827	26,799
Other expenses (income)				
Selling, general and administrative expenses	12,204	9,621	25,113	20,225
Amortization	1,178	1,085	2,346	2,129
Interest expense	493	333	1,002	674
Foreign exchange loss	63	86	72	34
Other expenses (income)	-	4	-	(9)
	13,938	11,129	28,533	23,053
Income before income taxes	4,226	983	13,294	3,746
Income tax expense (recovery) (note 4)				
Current	2,593	632	6,245	2,030
Future	(910)	(167)	(1,298)	(389)
	1,683	465	4,947	1,641
Income from continuing operations	2,543	518	8,347	2,105
Loss from discontinued operations (note 2)	-	-	-	(27)
Net income for the period	2,543	518	8,347	2,078
Net income per share (note 3)				
Basic	0.14	0.03	0.48	0.12
Diluted	0.14	0.03	0.46	0.12
Weighted average number of shares outstanding				
Basic	17,233,449	17,186,439	17,219,618	17,182,568
Diluted	18,192,171	17,501,958	18,192,171	17,501,958

CE Franklin Ltd.
Interim Balance Sheets
(Unaudited)

	June 30	December 31
<i>(in thousands of Canadian dollars)</i>	2005	2004
ASSETS		
Current assets		
Accounts receivable	60,505	66,573
Inventories	75,789	64,282
Other	2,847	552
	139,141	131,407
Property and equipment	4,473	6,097
Goodwill	7,765	7,765
Future income taxes (note 4)	686	-
Other	210	240
	152,275	145,509
LIABILITIES		
Current liabilities		
Bank overdraft	371	5,270
Bank operating loan	27,470	26,140
Accounts payable	34,708	29,381
Accrued liabilities	26,007	29,210
Current portion of obligations under capital lease	231	204
	88,787	90,205
Obligations under capital lease	517	626
Future income taxes (note 4)	-	612
	89,304	91,443
SHAREHOLDERS' EQUITY		
Capital stock	19,620	19,335
Contributed surplus	14,131	13,858
Retained earnings	29,220	20,873
	62,971	54,066
	152,275	145,509

CE Franklin Ltd.

Interim Statements of Cash Flows

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30 2005	June 30 2004	June 30 2005	June 30 2004
<i>(in thousands of Canadian dollars)</i>				
Cash flows from operating activities				
Income from continuing operations	2,543	518	8,347	2,105
Items not affecting cash -				
Amortization	1,178	1,085	2,346	2,129
Loss (gain) on disposal of property and equipment	-	5	-	(4)
Future income tax recovery	(910)	(167)	(1,298)	(389)
Increase (decrease) in inventory write-downs	(311)	(62)	(9)	231
Stock option expense	147	64	293	128
	2,647	1,443	9,679	4,200
Net change in non-cash working capital balances related to operations -				
Accounts receivable	28,812	17,862	6,068	1,785
Inventories	(8,467)	(5,569)	(12,028)	(10,170)
Other current assets	(1,802)	216	(2,295)	(424)
Accounts payable	(8,837)	(9,236)	5,327	(6,394)
Accrued liabilities	2,735	(3,981)	(3,203)	1,405
Net cash flow from continuing operations	15,088	735	3,548	(9,598)
Net cash flow from discontinued operations (note 2)	-	-	-	(26)
	15,088	735	3,548	(9,624)
Cash flows from financing activities				
Issuance of capital stock	144	51	265	51
Increase (decrease) in bank operating loan	(9,634)	3,073	1,330	7,036
Decrease in bank overdraft	(5,512)	(827)	(4,899)	-
Decrease in obligations under capital lease	(55)	(104)	(126)	(209)
	(15,057)	2,193	(3,430)	6,878
Cash flows from investing activities				
Purchase of property and equipment	(31)	(264)	(118)	(439)
Proceeds on disposal of property and equipment	-	22	-	31
Proceeds on sale of compression operations (note 2)	-	-	-	961
Net cash flow from continuing operations	(31)	(242)	(118)	553
Net cash flow from discontinued operations (note 2)	-	-	-	(2)
	(31)	(242)	(118)	551
Change in cash and cash equivalents during the period	-	2,686	-	(2,195)
Cash and cash equivalents - Beginning of period	-	-	-	4,881
Cash and cash equivalents - End of period	-	2,686	-	2,686
Cash paid during the period for:				
Interest on bank operating loan	485	327	980	677
Interest on obligations under capital lease	8	6	22	11
Income taxes	1,450	599	4,951	2,398

