

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

#### ***CE Franklin Ltd. announces record third quarter results***

Calgary, Alberta, October 27, 2005 - CE FRANKLIN LTD. (TSX.CFT, AMEX.CFK) announced its results for the third quarter ended September 30, 2005.

CE Franklin reported record third quarter net income of \$4.2 million or \$0.22 per share (diluted) as compared to net income of \$1.2 million or \$0.07 per share (diluted) for the comparable period in 2004.

#### **Financial Highlights**

(millions of Cdn.\$ except per share data)	Three Months Ended		Nine Months Ended		Year Ended
	September 30		September 30		December 31
	2005	2004	2005	2004	2004
	(unaudited)		(unaudited)		
<b>Sales</b>	\$ 121.8	\$ 78.2	\$ 342.1	\$ 234.3	\$ 338.7
<b>Gross Profit</b>	22.0	14.4	63.8	41.2	60.2
<b>Gross Profit - %</b>	18.0%	18.4%	18.7%	17.6%	17.8%
<b>EBITDA<sup>(1)</sup></b>	8.3	3.4	24.9	10.0	15.9
<b>EBITDA<sup>(1)</sup> as a % of sales</b>	6.8%	4.4%	7.3%	4.3%	4.7%
<b>Net income</b>	\$ 4.2	\$ 1.2	\$ 12.6	\$ 3.3	\$ 6.1
<b>Per share</b>					
<b>Basic</b>	\$ 0.25	\$ 0.07	\$ 0.73	\$ 0.19	\$ 0.36
<b>Diluted</b>	\$ 0.22	\$ 0.07	\$ 0.68	\$ 0.19	\$ 0.35

Sales increased 55.7% to \$121.8 million for the quarter ended September 30, 2005 as compared to \$78.2 million for the quarter ended September 30, 2004. Well completions (excluding dry and service wells) were down by 2.2% to 5,273 wells completed for the three months ended September 30, 2005 compared to 5,389 wells for the three months ended September 30, 2004. Average rig count for the quarter ended September 30, 2005 was 538 active rigs, which represents a 66.6% increase as compared to the quarter ended September 30, 2004. The 55.7% improvement in sales reflects strong commodity prices, improved industry economics resulting in an increase in drilling activity, coupled with an increase in market share for all product groups as a result of the Company's service, sales and marketing efforts.

EBITDA<sup>(1)</sup> for the quarter ended September 30, 2005 increased 142.6% to \$8.3 million from \$3.4 million for the quarter ended September 30, 2004. The \$43.6 million increase in sales resulted in an incremental flow through to EBITDA of 11.2% and 6.9% to net income. EBITDA and net income as a percentage of sales increased to 6.8% and 3.5%, respectively, for the quarter ended September 30, 2005.

Net income for the nine months ended September 30, 2005 increased to \$12.6 million or \$0.68 per share (diluted) as compared to \$3.3 million or \$0.19 per share (diluted) for the comparable 2004 period.

"The Company's strategies have resulted in CE Franklin breaking its previous record for annualized EPS (\$0.65 per share diluted in 1997) with one quarter still remaining," said Michael West, Chairman, President and CEO. "This is the 3<sup>rd</sup> quarter in a row the Company has achieved record breaking results for the comparable quarter, and the 12<sup>th</sup> quarter in a row with year over year improvement."

## **Outlook**

Activity levels have increased in the third quarter and strong commodity prices have supported the demand for CE Franklin's products and services in Canada. Many industry watchers are predicting high levels of activity during Q4 2005 as well as all of 2006. As a result, CE Franklin's management remains optimistic regarding the continuation of strong demand for the Company's products and services in Canada.

CE Franklin is committed to outperforming market activity.

## **Conference Call and Webcast Information**

A conference call to review the quarter ended September 30, 2005, which is open to the public, will be held on Friday, October 28, 2005 at 11:00 a.m. Eastern Time (9:00 a.m. Mountain Time).

Participants may join the call by dialing 1-800-814-4857 at the scheduled time of 11:00 a.m. Eastern Time. For those unable to listen to the live conference call, a replay will be available at approximately 1:00 p.m. Eastern Time on the same day by calling 1-877-289-8525 and entering the pass code of 21156776# and may be accessed until midnight Friday, November 4, 2005.

The call will also be webcast live at: <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1254880> and will be available on the Company's website at <http://www.cefranklin.com>.

Michael West, Chairman, President and Chief Executive Officer will lead the discussion and will be accompanied by Sam Secreti, Vice President and Chief Financial Officer. The discussion will be followed by a question and answer period.

## **For Further Information Contact:**

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<sup>(1)</sup> EBITDA represents income from continuing operations before interest, taxes, depreciation and amortization. EBITDA is a supplemental non-GAAP financial measure used by management, as well as industry analysts, to evaluate operations. Management believes that EBITDA, as presented, represents a useful means of assessing the performance of the Company's ongoing operating activities, as it reflects the Company's earnings trends without showing the impact of certain charges. The Company is also presenting EBITDA, incremental flow through to EBITDA and EBITDA as a percentage of sales because it is used by management in determining revenue and expense efficiency as it relates to increasing or decreasing revenues. EBITDA is not intended as an alternative to income from continuing operations or net income as an indicator of the Company's operating performance, as an alternative to any other measure of performance in conformity with generally accepted accounting principles or as an alternative to cash flow from operating activities as a measure of liquidity. Not all companies calculate EBITDA in the same manner and EBITDA does not have a standardized meaning prescribed by GAAP. Accordingly, EBITDA, as the term is used herein, is unlikely to be comparable to EBITDA as reported by other entities. A reconciliation of EBITDA to income from continuing operations can be found in the Company's Management's Discussion and Analysis.