



August 13, 2007

INNICOR RELEASES FINANCIAL RESULTS FOR SECOND QUARTER 2007

CALGARY, ALBERTA - Innicor Subsurface Technologies Inc., a leading Canadian manufacturer and distributor of downhole tools and equipment used in the oil and gas sector, today announced its financial results for the three and six months ended June 30, 2007.

Total revenues for the second quarter of 2007 were \$9.4 million, compared to \$11.4 million in the second quarter of 2006. Revenues for the six months ended June 30, 2007 were \$28.4 million compared to \$31.3 million during the same period in 2006. "Our second quarter results were significantly impacted by dramatically reduced levels of oilfield activity in western Canada in 2007," said Delton Campbell, President and CEO. "Abnormally wet weather conditions and lower prices for natural gas exacerbated the seasonal slow down in activity normally experienced in the second quarter of the year, which saw rig utilization rates in western Canada fall to a near all time low of approximately 12%. Although many industry analysts are expecting an upturn in Canadian conventional activity late in 2007, which is expected to become more pronounced in 2008, we continue to believe that the establishment of international operations with locally based management will be a key factor in our ability to increase revenues from markets outside of North America where oilfield activity continues to grow", said Campbell.

Innicor reported a net loss of \$2.1 million or \$0.12 per share basic and diluted for the three months ended June 30, 2007, compared to a net loss of \$65,000 or \$0.00 per share basic and diluted during the same period in 2006. For the six months ended June 30, 2007, Innicor reported a net loss of \$495,000 or \$0.03 per share basic and diluted, compared to net income of \$2.4 million, or \$0.13 per share basic and diluted in the six months ended June 30, 2006.

Innicor's consolidated financial statements for the three and six months ended June 30, 2007 and its associated management discussion and analysis will be filed on Sedar and copies can be obtained at www.sedar.com.

**SECOND QUARTER FINANCIAL REPORT
INNICOR SUBSURFACE TECHNOLOGIES INC.**

FINANCIAL HIGHLIGHTS

\$000's except share and per share data

	Three Months Ended June 30			Six Months Ended June 30		
	2007	2006	% change	2007	2006	% change
Total Revenues	\$9,403	\$11,440	(18) %	\$28,362	\$31,290	(9) %
Gross Margin	3,374	5,516	(39) %	13,146	15,723	(16) %
EBITDA*	(2,096)	609	(444) %	1,286	4,947	(74) %
EBITDA						
- margin as a % of revenue	(22) %	5%	(27) pts	5%	16%	(11) pts
Net Income (loss)	(2,114)	(65)	N/M	(495)	2,415	(120) %
Net Income (loss) per share						
- basic and diluted	(\$0.12)	\$0.00	N/M	\$(0.03)	\$0.13	(123) %
Number of shares outstanding (weighted average)						
-basic	18,124,595	18,060,159		18,121,759	18,002,797	
-diluted	18,124,595	18,260,964		18,121,759	18,111,585	

*EBITDA, or earnings before interest, taxes, depreciation and amortization, is calculated in the above table by adding these items back to reported net income (see also "QUARTERLY DATA").

	2007 Q-2	2006 Q-2	2007 YTD	2006 YTD
Net Income (loss)	\$(2,114)	\$(65)	\$(495)	\$2,415
Taxes	(834)	58	55	1,342
Depreciation & Amortization	723	517	1,412	1,019
Interest	129	99	314	171
	\$(2,096)	\$609	\$1,286	\$4,947

Management uses EBITDA as a measurement to determine the ability of the Company to generate cash from operations. EBITDA does not have a standardized meaning prescribed under Canadian generally accepted accounting principles ("GAAP"), and therefore, may not be comparable with calculations of similar measures presented by other issuers. EBITDA is not intended to represent operating or net income for the period nor should it be viewed as an alternative to operating or net income or other measures of financial performance calculated in accordance with GAAP (see also NON-GAAP MEASURES).

FINANCIAL AND OPERATIONAL PERFORMANCE

Drilling activity levels in Canada throughout the first six months of 2007 were significantly below the levels experienced in the first six months of 2006. In the second quarter of 2007 in particular, activity levels in Canada were below the previous year by as much as 50 percent according to industry statistics. A slow-down in drilling activity that began in the third quarter of 2006 continued into the fourth quarter of 2006 and the first half of 2007. This softening of field activity was due in large part to declining natural gas prices and above average North American storage volumes of natural gas. This trend was exacerbated in the second quarter of 2007 when adverse weather conditions also contributed to a reduction in oilfield activity levels.

On February 1, 2007, Innicor opened a new sales and service outlet in Fort St. John, British Columbia. Innicor now has distribution and service outlets in thirteen locations in Alberta, Saskatchewan, and British Columbia that allow the Company to provide equipment and services to its customers located throughout the Western Canadian Sedimentary Basin.

In late fall of 2006, Innicor expanded its presence in Indonesia by opening an additional base of operation in Balikpapan to complement the outlet established in 2005 in Jakarta. The operations in Indonesia were established in conjunction with a local agent to provide distribution and service to Innicor's customers in the region. Innicor has recently established a base of operations in the United Arab Emirates to service its customers in the Middle East. Innicor has hired two regional managers who are responsible for managing the Company's international operations at a local level, one based in Jakarta and the other based in Dubai. These expatriate employees have extensive international industry experience in their respective geographic regions.

In June of 2007, Innicor moved into a new 31,000 square foot facility in Calgary constructed adjacent to the Company's existing 71,000 square foot manufacturing and head office building. The new facility houses the Company's completion tool assembly and shipping operations, as well as the Company's research and development department. The new building was developed by the owner of the existing Calgary facility, and is being leased by the Company over a term that coincides with the lease on the existing facility. The initial term of the lease will be approximately seven and a half years with an option to renew for a further ten year term on October 1, 2014. The additional space is required to support Innicor's continued growth in Canada and expansion in international markets.

FOR THE THREE MONTHS ENDED JUNE 30
(Thousands of dollars, except per share data)

	2007	2006	Increase / (Decrease)	
	\$	\$	\$	%
REVENUES				
Domestic	6,548	8,372	(1,824)	(22)
International	2,855	3,068	(213)	(7)
	<u>9,403</u>	<u>11,440</u>	<u>(2,037)</u>	<u>(18)</u>
 COST OF GOODS SOLD	 <u>6,029</u>	 <u>5,924</u>	 <u>105</u>	 <u>2</u>
 GROSS MARGIN	 3,374	 5,516	 (2,142)	 (39)
	36 %	48 %		
 OPERATING EXPENSES				
Salaries and wages	3,244	3,110	134	4
General and administrative	2,415	2,056	359	17
Foreign exchange loss (gain)	145	(6)	151	N/M
Interest	129	99	30	30
Depreciation and amortization	390	264	126	48
	<u>6,323</u>	<u>5,523</u>	<u>800</u>	<u>14</u>
 (LOSS) BEFORE INCOME TAXES	 <u>(2,949)</u>	 <u>(7)</u>	 <u>(2,942)</u>	 <u>N/M</u>
 PROVISION FOR (RECOVERY OF) INCOME TAXES	 <u>(835)</u>	 <u>58</u>	 <u>(893)</u>	 <u>N/M</u>
 NET (LOSS)	 (2,114)	 (65)	 (2,049)	 N/M
 Net (loss) per share -basic and diluted	 (0.12)	 0.00	 (0.12)	 N/M

Total revenues for the three months ended June 30, 2007 were \$2,037,000 or 18% below total revenues for the same period in the previous year. Domestic revenues for the second quarter of 2007 were \$1,824,000 or 22% below domestic revenues for the second quarter of 2006, while revenue from international customers decreased by \$213,000 or 7% over the same comparable period. The decline in domestic revenue is primarily due to the reduced level of oilfield activity in Canada in 2007 compared to 2006. The gross margin during the second quarter of 2007 decreased by \$2,142,000 or 39% compared to the second quarter of 2006. The gross margin percentage in the second quarter of 2007 was 36% compared to the percentage gross margin of 48% in the second quarter of 2006. Lower revenues and an unfavorable manufacturing variance of \$939,000 (2006 – \$173,000) included in the cost of goods sold for the three months ended June 30, 2007, had an adverse effect on the gross margin and the gross margin percentage for the period. In a manufacturing environment, overhead expenses incurred in the manufacturing process are allocated to the units produced at predetermined rates. When production volumes fluctuate overhead costs will be over or under applied resulting in a manufacturing variance that is included in the cost of goods sold during the period. The unfavorable manufacturing variance is due to the reduced levels of manufacturing predicated by the lower levels of oilfield activity in western Canada.

Operating expenses for the three months ended June 30, 2007 increased by \$800,000 or 14% compared to the same period in the previous year. Salaries and wages increased during the same period by \$134,000 or 4% over the previous year. General and administrative expenses incurred in the second quarter of 2007 were \$2,415,000 versus \$2,056,000 in 2006, an increase of \$359,000 or 17%. This increase is primarily due to the cost of establishing and maintaining the new sales and service locations in Canada, Indonesia and the United Arab Emirates, and increased facilities costs at existing locations.

Interest expense for the three months ended June 30, 2007 increased by \$30,000 or 30% over the same period in the previous year. The increase is due to additional interest expense on new capital leases for production equipment and vehicles.

Total depreciation and amortization, including depreciation of manufacturing assets, which is allocated to cost of goods sold, was \$723,000 in the second quarter of 2007 versus \$517,000 in the second quarter of 2006. Depreciation and amortization on non-manufacturing assets was \$390,000 during the three months ended June 30, 2007 compared to \$264,000 in the same period in 2006. The increase is due to the additional manufacturing assets, new software and implementation costs, and vehicles acquired through capital leases during the latter part of 2006.

EBITDA was negative \$2,096,000 in the second quarter of 2007, compared to positive \$609,000 in the second quarter of 2006. The net loss for the three months ended June 30, 2007, was \$2,114,000 or \$0.12 per share basic and diluted, compared to a net loss of \$65,000 or \$0.00 per share basic and diluted in the corresponding three months of 2006.

FOR THE SIX MONTHS ENDED JUNE 30
(Thousands of dollars, except per share data)

	2007	2006	Increase / (Decrease)	
	\$	\$	\$	%
REVENUES				
Domestic	22,454	25,750	(3,296)	(13)
International	5,908	5,540	368	7
	<u>28,362</u>	<u>31,290</u>	<u>(2,928)</u>	<u>(9)</u>
 COST OF GOODS SOLD	 <u>15,216</u>	 <u>15,567</u>	 <u>(351)</u>	 <u>(2)</u>
 GROSS MARGIN	 13,146 46 %	 15,723 50 %	 (2,577)	 (16)
 OPERATING EXPENSES				
Salaries and wages	7,740	7,272	468	6
General and administrative	4,616	4,005	611	15
Foreign exchange loss (gain)	161	(3)	164	N/M
Interest	314	171	143	84
Depreciation and amortization	756	521	235	45
	<u>13,587</u>	<u>11,966</u>	<u>1,621</u>	<u>14</u>
 INCOME (LOSS) BEFORE INCOME TAXES	 <u>(441)</u>	 <u>3,757</u>	 <u>(4,198)</u>	 <u>(112)</u>
 PROVISION FOR INCOME TAXES	 <u>54</u>	 <u>1,342</u>	 <u>(1,288)</u>	 <u>(96)</u>
 NET INCOME (LOSS)	 (495)	 2,415	 (2,910)	 (120)
 Net Income (loss) per share -basic and diluted	 (0.03)	 0.13	 (0.16)	 (123)

Total revenues for the six months ended June 30, 2007 were \$2,928,000 or 9% below total revenues for the same period in the previous year. Domestic revenues for the first half of 2007 were \$3,296,000 or 13% below domestic revenues for the first half of 2006, while revenue from international customers increased by \$368,000 or 7% over the same comparable period. The decline in domestic revenue is primarily due to the reduced level of oilfield activity in Canada in 2007 compared to 2006. The gross margin during the first six months of 2007 decreased by \$2,577,000 or 16% compared to the first six months of 2006. The gross margin percentage for the six months ended June 30, 2007 was 46% compared to 50% during the same period in 2006. The gross margin in the first six months of 2007 was impacted by lower revenues compared to the same period of the previous year, and an increased unfavorable manufacturing variance incurred in the second quarter of 2007.

Operating expenses for the six months ended June 30, 2007 increased by \$1,621,000 or 14% compared to the same period in the previous year. Salaries and wages increased during the same period by \$468,000 or 6% over the previous year. This increase is due to increased compensation levels and the incremental cost of remunerating technicians that provide consulting services at our customers' well sites. Innicor had a total of 250 employees at June 30, 2007, compared to 277

employees at June 30, 2006. The lower staff levels in 2007 are due to the impact of more efficient production equipment installed in 2006 and a recent reduction in the workforce in manufacturing due to lower levels of oilfield activity in Canada and the seasonal slow down anticipated in the second quarter. General and administrative expenses incurred in the first half of 2007 were \$4,616,000 versus \$4,005,000 in 2006, an increase of \$611,000 or 15%.

Interest expense for the six months ended June 30, 2007 increased by \$143,000 or 84% over the same period in the previous year. The increase is due to additional interest expense on new capital leases for production equipment and vehicles.

Total depreciation and amortization, including depreciation of manufacturing assets, which is allocated to cost of goods sold, was \$1,412,000 in the first half of 2007 versus \$1,019,000 in the first half of 2006. Depreciation and amortization on non-manufacturing assets was \$756,000 in the first six months of 2007 compared to \$521,000 in the first six months of 2006. The increase is due to the additional manufacturing assets, new software and implementation costs, and vehicles acquired through capital leases during the latter part of 2006.

EBITDA was \$1,286,000 in the first half of 2007, compared to \$4,947,000 in the first half of 2006. The net loss for the six months ended June 30, 2007, was \$495,000 or \$0.03 per share basic and diluted, compared to net income of \$2,415,000 or \$0.13 per share basic and diluted in the corresponding six months of 2006.

PRODUCT LINES

Innicor is in the business of designing, manufacturing, renting, servicing, and selling equipment used in the completion phase or work-over of oil and gas wells. The completion phase is the final phase of oil and gas well development before a well goes into production.

Innicor's customers are primarily exploration and production companies or other service providers that work for exploration and development companies during the well completion phase. Innicor's business is considered to be a single segment for reporting purposes consisting of a number of product lines.

LIQUIDITY AND CAPITAL RESOURCES.

During the three and six month periods ended June 30, 2007, cash flow from operating activities, including the change in non-cash operating assets and liabilities, was \$2,614,000 and \$3,800,000 respectively compared to a deficit of \$802,000 and \$231,000 in the same periods of the previous year. The increase in cash flow from operating activities, including the change in non-cash operating assets and liabilities is due to a decrease in the change in non-cash operating assets and liabilities offset by a reduction of net income in 2007 compared to 2006.

Expenditures on capital assets during the three and six month periods ended June 30, 2007 were \$438,000 and \$536,000 respectively compared to \$1,828,000 and \$2,128,000 in the corresponding periods of the previous year. The capital expenditures in 2007 and 2006 related to the acquisition of additional manufacturing equipment, computer hardware and software and the cost of leasehold improvements. Debt and capital lease repayments were \$1,011,000 in the first six months of 2007 versus \$668,000 in the first six months of 2006. At June 30, 2007, Innicor had a positive working capital position of \$21,918,000 and a working capital ratio of 3.7:1 compared to a working capital position of \$22,053,000 or a ratio of 2.7:1, at December 31, 2006.

At June 30, 2007, Innicor had approximately \$9,000,000 available on its operating line and approximately \$2,000,000 available for capital purposes under the Company's existing credit facility.

Management believes that the current working capital position and access to funds available through its credit facility, together with positive cash flow from operations, will enable Innicor to meet its operating and capital requirements in the foreseeable future.

As at August 13, 2007, the Company has 18,134,595 common shares issued and outstanding and 1,660,881 stock options outstanding.

CONTRACTUAL OBLIGATIONS

(\$000's)

	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Term Debt (1)	\$358	\$ 358	\$-	\$-	\$-
Capital Lease Obligations	7,649	2,232	3,675	1,742	-
Operating Leases	<u>10,531</u>	<u>1,878</u>	<u>3,238</u>	<u>2,738</u>	<u>2,677</u>
Total	<u>\$18,538</u>	<u>\$4,468</u>	<u>\$6,913</u>	<u>\$4,480</u>	<u>\$2,677</u>

(1) Term debt with principal repayments calculated on a 48 month amortization period.

OUTLOOK

Activity levels in the oilfield services sector have been impacted by uncertainty related to oil and gas prices in the short term. Industry analysts are expecting oilfield activity levels in 2007 to be below the levels achieved in recent years in Canada. Reduced industry activity levels in Canada will have some impact on Innicor's business; however the Company is diversified geographically in Canada and internationally and its products are used in both oil and gas well operations and to some degree in the "workover" of producing wells as opposed to newly drilled wells. The success achieved to date in developing domestic and international markets is also expected to continue to contribute to the Company's revenue base for the remainder of the year and into the future.

QUARTERLY DATA (\$000's except where noted)

	2007				2006			2005
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	9,403	18,959	14,495	16,494	11,440	19,850	17,595	13,767
Cost of goods sold	<u>6,029</u>	<u>9,187</u>	<u>8,731</u>	<u>8,474</u>	<u>5,924</u>	<u>9,643</u>	<u>9,890</u>	<u>7,209</u>
Gross margin	3,374	9,772	5,764	8,020	5,516	10,207	7,705	6,558
Operating expenses	<u>6,323</u>	<u>7,264</u>	<u>6,455</u>	<u>6,448</u>	<u>5,523</u>	<u>6,443</u>	<u>5,483</u>	<u>5,231</u>
Income (loss) before income taxes	(2,949)	2,508	(690)	1,572	(7)	3,764	2,222	1,327
Provision for (recovery of) income taxes	<u>(835)</u>	<u>889</u>	<u>(179)</u>	<u>601</u>	<u>58</u>	<u>1,283</u>	<u>893</u>	<u>530</u>
Net Income (loss)	<u>(2,114)</u>	<u>1,619</u>	<u>(512)</u>	<u>971</u>	<u>(65)</u>	<u>2,481</u>	<u>1,329</u>	<u>798</u>
Add back:								
Depreciation & amortization	723	689	592	536	517	502	521	428
Interest	129	185	197	124	99	72	101	119
Taxes	<u>(835)</u>	<u>889</u>	<u>(179)</u>	<u>601</u>	<u>58</u>	<u>1,283</u>	<u>893</u>	<u>530</u>
EBITDA	<u>(2,096)</u>	<u>3,382</u>	<u>98</u>	<u>2,231</u>	<u>609</u>	<u>4,338</u>	<u>2,844</u>	<u>1,875</u>
Net Income (loss) per share (\$) – basic and diluted	(0.12)	0.09	(0.03)	0.05	0.00	0.14	0.07	0.04

Certain figures in the above table have been rounded accordingly to conform to the financial statements.

The seasonal nature of the business and the timing of business acquisitions impact the quarterly financial results. Financial performance in the second quarter of the year is normally not as strong as the other three quarters of the year. Weather conditions in Canada during the second quarter restrict access to a significant number of well sites as winter roads thaw and other roadways need to dry out before summer operations can be fully commenced. The impact of adverse weather conditions in the second quarter of 2007 was more severe than normal, and concerns over gas prices and over supply caused a dramatic reduction in oilfield activity in western Canada in the second quarter of 2007. The financial results for the fourth quarter of 2006 were impacted by a reduction in Canadian drilling activity compared to the same period of the previous year and a one time adjustment to inventory recorded during the quarter.

Innicor Subsurface Technologies Inc.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30	December 31
	2007	2006
<i>(\$000's)</i>		
ASSETS		
CURRENT ASSETS		
Accounts receivable	\$ 7,917	\$ 12,310
Inventory	21,625	22,806
Prepaid expenses and deposits	636	327
	<u>30,178</u>	<u>35,443</u>
CAPITAL ASSETS	15,732	16,144
GOODWILL	2,332	2,332
	<u>48,242</u>	<u>53,919</u>
LIABILITIES		
CURRENT LIABILITIES		
Operating loan	\$ 1,644	\$ 4,009
Accounts payable and accrued liabilities	4,413	7,198
Current portion of obligations under capital leases	1,845	1,758
Current portion of term debt	358	425
	<u>8,260</u>	<u>13,390</u>
OBLIGATIONS UNDER CAPITAL LEASES	4,938	5,386
FUTURE INCOME TAX LIABILITY	1,081	908
	<u>14,279</u>	<u>19,684</u>
SHAREHOLDERS' EQUITY		
Share capital	25,524	25,517
Contributed surplus	898	682
Retained Earnings	7,541	8,036
	<u>33,963</u>	<u>34,235</u>
	<u>\$ 48,242</u>	<u>\$ 53,919</u>

Innicor Subsurface Technologies Inc.**CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS****For the periods ended**

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30 2007	June 30 2006	June 30 2007	June 30 2006
<i>(\$000's, except per share amounts)</i>				
REVENUE	\$ 9,403	\$ 11,440	\$ 28,362	\$ 31,290
COST OF GOODS SOLD	6,029	5,924	15,216	15,567
GROSS MARGIN	<u>3,374</u>	<u>5,516</u>	<u>13,146</u>	<u>15,723</u>
OPERATING EXPENSES				
Salaries and wages	3,244	3,110	7,740	7,272
General and administrative	2,415	2,056	4,616	4,005
Foreign exchange loss (gain)	145	(6)	161	(3)
Interest	129	99	314	171
Depreciation and amortization	390	264	756	521
	<u>6,323</u>	<u>5,523</u>	<u>13,587</u>	<u>11,966</u>
INCOME (LOSS) BEFORE INCOME TAXES	(2,949)	(7)	(441)	3,757
PROVISION FOR (RECOVERY OF) INCOME TAXES				
Current	(886)	(69)	(83)	1,182
Future	51	127	137	160
	<u>(835)</u>	<u>(42)</u>	<u>(246)</u>	<u>1,342</u>
NET INCOME (LOSS)	<u>(2,114)</u>	<u>(65)</u>	<u>(495)</u>	<u>2,415</u>
OTHER COMPREHENSIVE INCOME	-	-	-	-
COMPREHENSIVE INCOME (LOSS)	<u>(2,114)</u>	<u>(65)</u>	<u>(495)</u>	<u>2,415</u>
RETAINED EARNINGS, beginning of period	9,655	7,642	8,036	5,162
Accumulated other comprehensive income	-	-	-	-
RETAINED EARNINGS, end of period	<u>\$ 7,541</u>	<u>\$ 7,577</u>	<u>\$ 7,541</u>	<u>\$ 7,577</u>
NET INCOME (LOSS) PER SHARE				
Basic	<u>\$ (0.12)</u>	<u>\$ -</u>	<u>\$ (0.03)</u>	<u>\$ 0.13</u>
Diluted	<u>\$ (0.12)</u>	<u>\$ -</u>	<u>\$ (0.03)</u>	<u>\$ 0.13</u>

Innicor Subsurface Technologies Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the periods ended
(unaudited)

(\$000's)	Three Months Ended		Six Months Ended	
	June 30 2007	June 30 2006	June 30 2007	June 30 2006
OPERATING ACTIVITIES				
Net Income (Loss)	\$ (2,114)	\$ (65)	\$ (495)	\$ 2,415
Add (deduct) items not involving cash				
Depreciation and amortization	723	517	1,412	1,019
Future income taxes	51	127	137	160
Stock based compensation expense	122	92	216	156
Loss on disposal of equipment	14	4	13	3
	<u>(1,204)</u>	<u>675</u>	<u>1,283</u>	<u>3,753</u>
Change in non-cash operating assets and liabilities	<u>3,818</u>	<u>(1,477)</u>	<u>2,517</u>	<u>(3,984)</u>
	<u>2,614</u>	<u>(802)</u>	<u>3,800</u>	<u>(231)</u>
INVESTING ACTIVITIES				
Proceeds on disposal of equipment	87	13	105	53
Purchase of capital assets	(438)	(1,828)	(536)	(2,128)
	<u>(351)</u>	<u>(1,815)</u>	<u>(431)</u>	<u>(2,075)</u>
FINANCING ACTIVITIES				
Issue of share capital, net of share issuance costs	-	95	7	189
Proceeds (repayments) of operating loan	(1,756)	2,864	(2,365)	2,785
Repayment of obligations under capital lease	(473)	(310)	(944)	(604)
Repayment of long-term debt	(34)	(32)	(67)	(64)
	<u>(2,263)</u>	<u>2,617</u>	<u>(3,369)</u>	<u>2,306</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	-	-	-	-
CASH AND CASH EQUIVALENTS, beginning of period	-	-	-	-
CASH AND CASH EQUIVALENTS, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Supplementary cash flow information:				
Interest paid	<u>\$ 129</u>	<u>\$ 99</u>	<u>\$ 314</u>	<u>\$ 171</u>
Income taxes paid (refunded)	<u>\$ (187)</u>	<u>\$ 569</u>	<u>\$ 320</u>	<u>\$ 1,384</u>
Capital assets acquired under capital leases	<u>\$ 491</u>	<u>\$ 84</u>	<u>\$ 583</u>	<u>\$ 538</u>

Certain information contained herein constitutes forward-looking information under applicable securities laws. All statements, other than statements of historical fact, which address activities, events or developments that we expect or anticipate may or will occur in the future, are forward-looking information. Forward-looking information typically contains statements with words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "potential", "targeting", "intend", "could", "might", "should", "believe" or similar words suggesting future outcomes or outlook. The following discussion is intended to identify certain factors, although not necessarily all factors, which could cause future outcomes to differ materially from those set forth in the forward-looking information. The risks and uncertainties that may affect the operations, performance, development and results of Innicor's businesses include, but are not limited to, the following factors: the availability of capital, supplies and costs of materials, the demand for Innicor's products, the level of exploration and development activity in the petroleum industry and changing market conditions. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate by Innicor at the time of preparation, may prove to be incorrect or may not occur. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other risks, uncertainties and factors that could affect Innicor's operations or financial results are included in our filings with the securities commissions or similar authorities in certain provinces of Canada, as may be updated from time to time. There is no representation by Innicor that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained herein are made as of the date hereof, and Innicor does not undertake any obligation to update publicly or to revise any forward-looking information, whether as a result of new information, future events or otherwise. Any forward-looking information contained herein is expressly qualified by this cautionary statement.

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