

## **NEWS RELEASE**

### **FOR IMMEDIATE RELEASE**

#### ***CE Franklin Ltd. announces its fourth quarter results***

**Calgary, Alberta, January 30, 2002 - CE FRANKLIN LTD. (TSE.CFT, AMEX.CFK)** announced its results for the quarter ended, and the year ended December 31, 2001.

Sales for the quarter ended December 31, 2001 decreased 16.5% to \$85.4 million from \$102.3 million for the quarter ended December 31, 2000. Included in the \$16.4 million sales decrease was a \$10.3 million revenue decline by the Company's Piping Resources operations reflecting the substantial completion of a major capital project during the second quarter of 2001. The remainder of the sales decline reflects a 10.9% decrease in oil and gas well completions to 3,809 wells completed (2,771 gas wells; 1,038 oil wells) from 4,277 wells completed (2,721 gas wells; 1,556 oil wells).

Net loss for the quarter ended December 31, 2001 was \$1.2 million or a loss of \$0.07 per share (diluted) compared to a net income of \$68,000 or \$0.00 per share (diluted) for the quarter ended December 31, 2000.

The results for the quarter ended December 31, 2001 included \$2.8 million (\$1.6 million after-tax) relating to severance, terminations, closure costs and inventory provisions. These charges resulted from the slowdown in drilling activity in Canada during the last half of 2001.

On December 18, 2001 the Company sold its Domino Machine Operations generating an after tax gain of 1.1 million. The results for Domino are reported as discontinued operations, and net income from Domino in the fourth quarter of 2001 was \$1.1 million compared to \$250,000 in the prior year's fourth quarter.

Net income for the year-ended December 31, 2001 was \$619,000 or \$0.04 per share (diluted) as compared to \$1.5 million or \$0.08 per share (diluted) for the year ended December 31, 2000.

#### **Conference Call and Webcast Information**

A conference call to review the quarterly results, which is open to the public, will be held on Thursday, January 31, 2002, beginning at 11:00 a.m. EST. Participants may join the call by dialing 1-888-881-4892 at the scheduled time. A recording of the entire call may be accessed by 1 p.m. EST on the same day by calling 1-877-289-8525 and entering the pass code of 168826# and may be accessed until midnight Thursday, February 7<sup>th</sup>, 2002.

The call will also be webcast live at:  
<http://www.newswire.ca/webcast/pages/CEFranklin20020131/> and will be available on the Company's website at <http://www.cefranklin.com>.

## **About CE Franklin**

CE Franklin, is Canada's largest distributor of supplies for the drilling, production, processing and pipelining of hydrocarbons. In addition to its complete range of production equipment, including artificial lift technology, the company sells pipe, valves, fittings and maintenance supplies and provides complete customer inventory procurement and management services through its 41 locations across Canada. The Company also manufactures and packages specialized products for the energy industry and provides supply packages for projects in the hydrocarbon processing industry through its Piping Resources Division. CE Franklin's common stock trades on The Toronto Stock Exchange under the symbol CFT and on the American Stock Exchange under the symbol CFK. For additional information visit the website at [www.cefranklin.com](http://www.cefranklin.com).

This news release includes forward looking statements within the meaning of section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that expected results will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include economic conditions, seasonality of drilling activity, commodity prices for oil and gas, currency fluctuations and government regulations, and other risks and uncertainties as described in the Company's 2000 Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission.

### **For Further Information Contact:**

Sam Secreti  
Chief Financial Officer  
403-531-5603  
ssecreti@cefranklin.com

\*\*\*\*\*

**CE Franklin Ltd.**  
**Interim Consolidated Statements of Operations**  
**(Unaudited)**

	2001	2001	2000
<i>Three Months Ended December 31</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(in thousands of dollars)</i>	(note 3)		
<b>Sales</b>			
General supplies	28,097	44,747	59,611
Tubulars	23,595	37,577	40,159
CEF Technologies	1,941	3,092	2,560
	53,633	85,416	102,330
<b>Gross profit</b>			
General supplies	4,342	6,915	9,287
Tubulars	1,153	1,836	2,084
CEF Technologies	(50)	(79)	240
	5,445	8,672	11,611
<b>Selling, general and administrative expenses</b>	7,166	11,413	9,489
<b>Earnings (loss) before interest, tax, depreciation, amortization and other expenses (EBITDA)</b>	(1,721)	(2,741)	2,122
<b>Other Expenses (Income)</b>			
Depreciation and amortization	560	892	885
Interest expense	215	343	580
Loss (gain) on disposal of capital assets	(11)	(17)	19
Other	51	82	87
<b>Income (loss) before income taxes</b>	(2,536)	(4,041)	551
<b>Income tax expense (recovery)</b>			
Current	(1,169)	(1,861)	13
Future	71	113	720
	(1,098)	(1,748)	733
<b>Net loss from continuing operations</b>	(1,438)	(2,293)	(182)
<b>Net income from discontinued operations</b>	684	1,089	250
<b>Net income (loss) for the period</b>	(754)	(1,204)	68
<b>Net income (loss) per share</b>			
<b>Continuing operations</b>			
Basic and diluted	(0.08)	(0.13)	(0.01)
<b>Net Income (loss)</b>			
Basic	(0.04)	(0.07)	0.00
Diluted	(0.04)	(0.07)	0.00
<b>Weighted average basic number of shares outstanding</b>	17,158,091	17,158,091	17,149,153

**CE Franklin Ltd.**  
**Interim Consolidated Statements of Operations**  
**(Unaudited)**

	2001	2001	2000
<i>Twelve Months Ended December 31</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(in thousands of dollars)</i>	(note 3)		
<b>Sales</b>			
General supplies	137,044	<b>218,257</b>	202,607
Tubulars	92,949	<b>148,030</b>	148,787
CEF Technologies	7,257	<b>11,558</b>	8,033
	237,250	<b>377,845</b>	359,427
<b>Gross profit</b>			
General supplies	21,679	<b>34,526</b>	33,577
Tubulars	4,847	<b>7,719</b>	8,063
CEF Technologies	964	<b>1,535</b>	1,074
	27,490	<b>43,780</b>	42,714
<b>Selling, general and administrative expenses</b>	24,925	<b>39,696</b>	34,696
<b>Earnings before interest, tax, depreciation, amortization and other expenses (EBITDA)</b>	2,565	<b>4,084</b>	8,018
<b>Other Expenses (Income)</b>			
Depreciation and amortization	2,436	<b>3,879</b>	3,527
Interest expense	1,275	<b>2,031</b>	2,699
Loss (gain) on disposal of capital assets	(30)	<b>(48)</b>	56
Other	185	<b>295</b>	216
<b>Income (loss) before income taxes</b>	(1,301)	<b>(2,073)</b>	1,520
<b>Income tax expense (recovery)</b>			
Current	(524)	<b>(835)</b>	(153)
Future	198	<b>315</b>	1,463
	(326)	<b>(520)</b>	1,310
<b>Net income (loss) from continuing operations</b>	(975)	<b>(1,553)</b>	210
<b>Net income from discontinued operations</b>	1,364	<b>2,172</b>	1,290
<b>Net income for the period</b>	389	<b>619</b>	1,500
<b>Net income (loss per share)</b>			
<b>Continuing operations</b>			
Basic and diluted	(0.06)	(0.09)	0.01
<b>Net Income</b>			
Basic	0.02	0.04	0.09
Diluted	0.02	0.04	0.08
<b>Weighted average basic number of shares outstanding</b>	17,156,964	<b>17,156,964</b>	16,993,647

**CE Franklin Ltd.**  
**Interim Consolidated Balance Sheets**

	December 31, 2001 U.S. \$ (note 3)	<b>December 31,</b> <b>2001</b> <b>Cdn. \$</b>	December 31, 2000 Cdn. \$
<i>(in thousands of dollars)</i>			
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable	24,116	<b>38,407</b>	63,805
Inventories	31,945	<b>50,876</b>	64,815
Income taxes recoverable	-	-	4,094
Other	314	<b>500</b>	2,337
	56,375	<b>89,783</b>	135,051
<b>Capital assets</b>	9,395	<b>14,963</b>	19,523
<b>Goodwill</b>	5,136	<b>8,180</b>	11,066
<b>Other assets</b>	2	<b>3</b>	512
	70,908	<b>112,929</b>	166,152
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdraft	1,153	<b>1,836</b>	5,929
Bank operating loan	10,235	<b>16,300</b>	48,000
Accounts payable	15,739	<b>25,066</b>	41,395
Accrued liabilities	9,677	<b>15,414</b>	17,900
Current portion of long-term debt	158	<b>251</b>	322
	36,962	<b>58,867</b>	113,546
<b>Long-term debt</b>	386	<b>614</b>	280
<b>Future income taxes</b>	2,192	<b>3,491</b>	3,037
	39,540	<b>62,972</b>	116,863
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital stock</b>	12,047	<b>19,186</b>	19,137
<b>Contributed surplus</b>	8,518	<b>13,566</b>	13,566
<b>Retained earnings</b>	10,803	<b>17,205</b>	16,586
	31,368	<b>49,957</b>	49,289
	70,908	<b>112,929</b>	166,152

**CE Franklin Ltd.****Interim Consolidated Statements of Cash Flows****(Unaudited)**

	2001	2001	2000
<i>Three Months Ended December 31</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(in thousands of dollars)</i>	(note 3)		
<b>Cash flows from operating activities</b>			
Income (loss) from continuing operations	(1,438)	<b>(2,293)</b>	(182)
Items not affecting cash -			
Depreciation	522	<b>832</b>	825
Amortization	38	<b>60</b>	60
Gain on disposal of capital assets	(11)	<b>(17)</b>	(308)
Future income taxes	71	<b>113</b>	720
Increase (decrease) of inventory reserves	686	<b>1,092</b>	(985)
	(132)	<b>(213)</b>	130
Net change in non-cash working capital balances related to operations -			
Accounts receivable	6,744	<b>10,740</b>	(7,300)
Inventories	4,461	<b>7,105</b>	(5,888)
Other current assets	652	<b>1,038</b>	(1,581)
Accounts payable and accrued liabilities	(2,417)	<b>(3,846)</b>	6,492
Net cash flow from continuing operations	9,308	<b>14,824</b>	(8,147)
Net cash flow from discontinued operations	925	<b>1,473</b>	1,443
	10,233	<b>16,297</b>	(6,704)
<b>Cash flows from financing activities</b>			
Issuance of capital stock	-	-	56
Increase (decrease) in bank operating loan	(9,984)	<b>(15,900)</b>	2,000
Increase (decrease) in bank overdraft	(5,021)	<b>(7,997)</b>	5,555
Decrease in long-term debt	(175)	<b>(278)</b>	(124)
Other	274	<b>437</b>	-
	(14,906)	<b>(23,738)</b>	7,487
<b>Cash flows from investing activities</b>			
Purchase of capital assets	(352)	<b>(561)</b>	(837)
Proceeds on disposal of capital assets	49	<b>78</b>	54
Net proceeds on disposal of Domino Machine	4,976	<b>7,924</b>	-
	4,673	<b>7,441</b>	(783)
<b>Change in cash and cash equivalents during the period</b>	-	-	-
<b>Cash and cash equivalents - Beginning of period</b>	-	-	-
<b>Cash and cash equivalents - End of period</b>	-	-	-
Cash paid during the period for:			
Interest on bank operating loan	232	<b>370</b>	893
Interest on long-term debt	11	<b>18</b>	24
Income taxes	(273)	<b>(435)</b>	(261)

**CE Franklin Ltd.**

**Interim Consolidated Statements of Cash Flows**

**(Unaudited)**

	2001	2001	2000
<i>Twelve Months Ended December 31</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(in thousands of dollars)</i>	(note 3)		
<b>Cash flows from operating activities</b>			
Income (loss) from continuing operations	(975)	<b>(1,553)</b>	210
Items not affecting cash -			
Depreciation	2,285	<b>3,639</b>	3,287
Amortization	151	<b>240</b>	240
Loss (gain) on disposal of capital assets	(30)	<b>(48)</b>	56
Future income taxes	198	<b>315</b>	1,463
Increase of inventory reserves	1,000	<b>1,593</b>	(290)
	2,629	<b>4,186</b>	4,966
Net change in non-cash working capital balances related to operations -			
Accounts receivable	15,039	<b>23,950</b>	(11,224)
Income taxes recoverable	2,571	<b>4,094</b>	1,113
Inventories	7,308	<b>11,639</b>	(15,429)
Other current assets	1,146	<b>1,825</b>	(1,958)
Accounts payable and accrued liabilities	(12,042)	<b>(19,177)</b>	13,755
Net cash flow from continuing operations	16,651	<b>26,517</b>	(8,777)
Net cash flow from discontinued operations	1,695	<b>2,699</b>	2,687
	18,346	<b>29,216</b>	(6,090)
<b>Cash flows from financing activities</b>			
Issuance of capital stock	31	<b>49</b>	1,428
Increase (decrease) in bank operating loan	(19,905)	<b>(31,700)</b>	11,500
Increase (decrease) in bank overdraft	(2,570)	<b>(4,093)</b>	(2,366)
Decrease in long-term debt	(175)	<b>(278)</b>	(299)
Other	141	<b>225</b>	-
	(22,478)	<b>(35,797)</b>	10,263
<b>Cash flows from investing activities</b>			
Purchase of capital assets	(1,453)	<b>(2,313)</b>	(4,297)
Proceeds on disposal of capital assets	609	<b>970</b>	124
Net proceeds on disposal of Domino Machine	4,976	<b>7,924</b>	-
	4,132	<b>6,581</b>	(4,173)
<b>Change in cash and cash equivalents during the period</b>	-	-	-
<b>Cash and cash equivalents - Beginning of period</b>	-	-	-
<b>Cash and cash equivalents - End of period</b>	-	-	-
Cash paid during the period for:			
Interest on bank operating loan	1,626	<b>2,589</b>	3,426
Interest on long-term debt	38	<b>60</b>	58
Income taxes	356	<b>567</b>	104

**CE Franklin Ltd.****Interim Consolidated Statements of Changes in Shareholders' Equity****(Unaudited)**

<i>(in thousands of dollars)</i>	Capital Stock		Contributed surplus Cdn. \$	Retained earnings Cdn. \$	Shareholders' equity Cdn. \$
	Number of Shares	Cdn. \$			
<b>Balance - December 31, 1999</b>	16,725,961	17,709	13,566	15,086	46,361
Issue of shares for cash	6,580	25	-	-	25
Stock options exercised	416,612	1,403	-	-	1,403
Net income	-	-	-	1,500	1,500
<b>Balance - December 31, 2000</b>	17,149,153	19,137	13,566	16,586	49,289
Stock options exercised	8,938	49	-	-	49
Net income	-	-	-	619	619
<b>Balance - December 31, 2001</b>	17,158,091	19,186	13,566	17,205	49,957

**CE Franklin Ltd.****Notes to Consolidated Financial Statements (Unaudited)****Note 1**

These interim consolidated financial statements are prepared following accounting policies consistent with the Company's consolidated financial statements for the years ended December 31, 2001 and 2000. These financial statements are in accordance with generally accepted accounting principles in Canada which, in the case of the Company, conform in all material respects with those in the United States, except as outlined in note 2.

**Note 2 - U.S. GAAP net income per share (Cdn. \$)**

U.S. GAAP primary net income per share was \$.08 and diluted \$.08 for the twelve months ended December 31, 2001.

Net income for the period as determined in accordance with Canadian GAAP differs from that determined in accordance with U.S. GAAP, due principally to the recording of certain restructuring expenditures as goodwill, the realization of certain deferred tax benefits and the effect of changes in tax rates. Under U.S. GAAP, the restructuring expenditures and the changes in tax rates would have been recorded in the statement of operations and the benefit of the deferred tax assets would have been recorded as a reduction of goodwill.

During the three months ended June 30, 2001 both Canadian federal and Alberta tax rates received Royal Assent, thereby eliminating any differences between Canadian and U.S. GAAP. The effect on U.S. GAAP net income for the three months ended December 31, 2001 was nil and for the twelve months ended December 31, 2001 was an increase of \$649,000.

**Note 3 - United States dollar amounts**

The financial statements presented herein are expressed in Canadian dollars, and, solely for the convenience of the reader, have been translated into United States dollars for the quarter ended December 31, 2001 at the rate of Cdn. \$1.5926 = U.S. \$1.00, the prevailing rate on December 31, 2001. This translation should not be construed as a representation that the Canadian dollar amounts shown could be so converted into U.S. dollars at Cdn. \$1.5926 = U.S. \$1.00 or at any other rate.

**Note 4 - Share data**

At December 31, 2001 the Company had 17,158,091 common shares and 1,123,164 options to acquire common shares outstanding. 538,149 of those options were currently vested and exercisable.

**Note 5 - Discontinued operations**

On December 18, 2001 the company sold its Domino Machine operations for net cash proceeds of \$7,924,000 (U.S. \$4,976,000), resulting in a net after tax gain of \$1,102,000 (U.S. \$692,000). Domino Machine provided custom machining services to the energy industry and was not considered a core operation to the Company. The net proceeds from this transaction were used to reduce the Company's outstanding bank operating loan.