

## **NEWS RELEASE**

### **FOR IMMEDIATE RELEASE**

#### **CE FRANKLIN LTD. ANNOUNCES FIRST QUARTER RESULTS** (Results are in Canadian Dollars)

**Calgary, Alberta, April 24, 2002 - CE FRANKLIN LTD. (TSE.CFT, AMEX.CFK)** announced today that its results for the first quarter ended March 31, 2002 were impacted by the decline in drilling and well completion activity.

For the quarter ended March 31, 2002 the total number of oil well completions (excluding dry/service wells) in western Canada declined 41.8% to 708 wells completed while gas completions increased 7.5% to 2,152 wells completed as compared to the quarter ended March 31, 2001. The majority of gas well completions were at depths of less than 1200 metres, generating minimal revenues for the Company. Oil well completions for the quarter ended March 31, 2002 declined 31% as compared to the quarter ended December 31, 2001, while gas completions declined 22%.

Sales for the quarter ended March 31, 2002 decreased to \$79.7 million or 32.0% from \$117.3 million for the quarter ended March 31, 2001. Approximately one-third of the decline resulted from the completion in the second half of 2001 of a large capital oilsands project in Northern Alberta. The project generated \$12.2 million of sales in the first quarter of 2001.

Excluding this capital project, General Supplies sales and Tubular sales decreased \$11.1 million and \$14.4 million, respectively, reflecting the decline in drilling and well completion activity during the first quarter of 2002.

Earnings before interest, tax, depreciation, amortization and other expenses (EBITDA) for the quarter ended March 31, 2002 was \$486,000 as compared to EBITDA of \$3.2 million in the prior year quarter. Included in 2002 SG&A was approximately \$597,000 in severance and termination costs as a result of the Company adjusting its infrastructure to match projected activity levels for the remainder of the year.

Net loss for the quarter ended March 31, 2002 was \$389,000 or a loss of \$0.02 per share (diluted) as compared to net income of \$1.3 million or \$0.07 per share (diluted) for 2001. Included in net income of \$1.3 million for the quarter ended March 31, 2001 was \$473,000 in earnings (\$0.03 per share) from discontinued operations relating to Domino Machine, which was sold by the Company on December 18, 2001.

“CE Franklin is continuing to work on initiatives which will improve customer service, streamline our processes and trim SG&A costs”, said Michael West, President and Chief Executive Officer. “At the end of the first quarter we reduced our annual salaries by \$1.2 million, and we will continue to rationalize our infrastructure to match activity levels while still delivering market leading customer service”.

## **Conference Call and Webcast Information**

A conference call to review the quarterly results, which is open to the public, will be held on Thursday, April 25, 2002, beginning at 11:00 a.m. EST. Participants may join the call by dialing **1-800-427-6791** 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 185509# and may be accessed until midnight Thursday, May 2<sup>nd</sup>, 2002.

The call will also be webcast live at:

<http://www.newswire.ca/webcast/pages/CEFranklin20020425/> and will be available on the Company's website at <http://www.cefranklin.com>.

## **Annual Meeting of Shareholders**

Shareholders are invited to attend CE Franklin's Annual Meeting of Shareholders on Wednesday, May 1, 2002, in Calgary, Alberta, at 2:30 p.m. at the Calgary Petroleum Club 319 – 5<sup>th</sup> Avenue SW, in the Viking Room.

## **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 tubular products and production equipment, including artificial lift technology, the Company sells pipe, valves, fitting and maintenance supplies and provides complete customer inventory procurement and management services through its 41 locations across Canada.

CE Franklin's common shares trade 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 2001 Annual Report on Form 20F as filed with the United States Securities and Exchange Commission.

## **For Further Information Contact:**

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

	2002	<b>2002</b>	2001
<i>Three Months Ended March 31</i>	U.S. \$	<b>Cdn. \$</b>	Cdn. \$
<i>(in thousands of dollars, except per share data)</i>	(note 4)		
<b>Sales</b>			
General supplies	28,173	<b>45,021</b>	68,344
Tubulars	20,203	<b>32,284</b>	46,666
CEF Technologies	1,520	<b>2,429</b>	2,288
	<u>49,896</u>	<u><b>79,734</b></u>	<u>117,298</u>
<b>Gross profit</b>			
General supplies	4,846	<b>7,744</b>	10,013
Tubulars	1,099	<b>1,757</b>	2,495
CEF Technologies	335	<b>535</b>	472
	<u>6,280</u>	<u><b>10,036</b></u>	<u>12,980</u>
<b>Selling, general and administrative expenses</b>	<u>5,976</u>	<u><b>9,550</b></u>	<u>9,782</u>
<b>Earnings before interest, tax, depreciation, amortization and other expenses (EBITDA)</b>	<u>304</u>	<u><b>486</b></u>	<u>3,198</u>
<b>Other expenses (income)</b>			
Depreciation and amortization	660	<b>1,055</b>	999
Interest expense	141	<b>226</b>	737
Gain on disposal of capital assets	(7)	<b>(11)</b>	(40)
Foreign exchange loss	23	<b>37</b>	225
Other	(1)	<b>(2)</b>	6
<b>Income (loss) before income taxes</b>	<u>(512)</u>	<u><b>(819)</b></u>	<u>1,271</u>
<b>Income tax expense (recovery)</b>			
Current	(166)	<b>(266)</b>	274
Future	(103)	<b>(164)</b>	220
	<u>(269)</u>	<u><b>(430)</b></u>	<u>494</u>
<b>Income (loss) from continuing operations</b>	<u>(243)</u>	<u><b>(389)</b></u>	<u>777</u>
<b>Income from discontinued operations</b>	<u>-</u>	<u>-</u>	<u>473</u>
<b>Net income (loss) for the period</b>	<u>(243)</u>	<u><b>(389)</b></u>	<u>1,250</u>
<b>Net income (loss) per share</b>			
<b>Continuing operations</b>			
Basic and diluted	(0.01)	<b>(0.02)</b>	0.04
<b>Net income (loss) per share (note 5)</b>			
Basic and diluted	(0.01)	<b>(0.02)</b>	0.07
<b>Weighted average basic number of shares outstanding</b>			
	17,158,091	<b>17,158,091</b>	17,153,519

**CE Franklin Ltd.**  
**Interim Consolidated Balance Sheets**  
**(Unaudited)**

	March 31, 2002 U.S. \$ (note 4)	March 31, 2002 Cdn. \$	December 31, 2001 Cdn. \$
<i>(in thousands of dollars)</i>			
<b>ASSETS</b>			
<b>Current assets</b>			
Accounts receivable	27,054	43,233	38,407
Inventories	28,648	45,779	50,876
Other	297	474	500
	55,999	89,486	89,783
<b>Capital assets</b>	8,884	14,196	14,963
<b>Goodwill (note 2)</b>	5,119	8,180	8,180
<b>Other assets</b>	2	3	3
	70,004	111,865	112,929
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdraft	3,600	5,753	1,836
Bank operating loan	11,014	17,600	16,300
Accounts payable	14,375	22,968	25,066
Accrued liabilities	7,622	12,180	15,414
Current portion of long-term debt	173	277	251
	36,784	58,778	58,867
<b>Long-term debt</b>	324	518	614
<b>Future income taxes</b>	1,878	3,001	3,491
	38,986	62,297	62,972
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital stock</b>	12,006	19,186	19,186
<b>Contributed surplus</b>	8,489	13,566	13,566
<b>Retained earnings</b>	10,523	16,816	17,205
	31,018	49,568	49,957
	70,004	111,865	112,929

**CE Franklin Ltd.**

**Interim Consolidated Statements of Cash Flows**

**(Unaudited)**

	2002	<b>2002</b>	2001
<i>Three Months Ended March 31</i>	U.S. \$	<b>Cdn. \$</b>	Cdn. \$
<i>(in thousands of dollars)</i>	(note 4)		
<b>Cash flows from operating activities</b>			
Income (loss) from continuing operations	(243)	<b>(389)</b>	777
Items not affecting cash			
Depreciation	660	<b>1,055</b>	919
Amortization	0	<b>0</b>	80
Gain on disposal of capital assets	(7)	<b>(11)</b>	(40)
Future income taxes	(103)	<b>(164)</b>	220
Increase in inventory reserves	18	<b>29</b>	395
	325	<b>520</b>	2,351
Net change in non-cash working capital balances related to operations			
Accounts receivable	(3,020)	<b>(4,826)</b>	(3,333)
Income taxes recoverable	-	-	4,094
Inventories	3,117	<b>4,981</b>	(2,462)
Other current assets	16	<b>26</b>	2,022
Accounts payable	(1,312)	<b>(2,098)</b>	106
Accrued liabilities	(2,228)	<b>(3,560)</b>	3,426
Net cash flow from continuing operations	(3,102)	<b>(4,957)</b>	6,204
Net cash flow from discontinued operations	-	-	1,001
	(3,102)	<b>(4,957)</b>	7,205
<b>Cash flows from financing activities</b>			
Issuance of capital stock	-	-	49
Increase (decrease) in bank operating loan	814	<b>1,300</b>	(4,200)
Increase (decrease) in bank overdraft	2,451	<b>3,917</b>	(2,637)
Decrease in long-term debt	(44)	<b>(70)</b>	(82)
	3,221	<b>5,147</b>	(6,870)
<b>Cash flows from investing activities</b>			
Purchase of capital assets	(155)	<b>(247)</b>	(478)
Proceeds on disposal of capital assets	36	<b>57</b>	143
	(119)	<b>(190)</b>	(335)
<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	133	<b>213</b>	900
Interest on long-term debt	8	<b>13</b>	9
Income taxes	51	<b>82</b>	636

## CE Franklin Ltd.

### Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

<i>(in thousands of dollars, except share amounts)</i>	Capital Stock		Contributed surplus Cdn. \$	Retained earnings Cdn. \$	Shareholders' equity Cdn. \$
	Number of Shares	Cdn. \$			
<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	-	-	-	1,250	1,250
<b>Balance - March 31, 2001</b>	<b>17,158,091</b>	<b>19,186</b>	<b>13,566</b>	<b>17,836</b>	<b>50,588</b>
<b>Balance - December 31, 2001</b>	17,158,091	19,186	13,566	17,205	49,957
Net loss	-	-	-	(389)	(389)
<b>Balance - March 31, 2002</b>	<b>17,158,091</b>	<b>19,186</b>	<b>13,566</b>	<b>16,816</b>	<b>49,568</b>

## 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, except as described in notes 2 and 5. 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 3.

The disclosures provided below are incremental to those included in the annual audited consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2001.

The information presented as at March 31, 2002 and for the interim periods ended March 31, 2002 and 2001 is unaudited. These unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented; all such adjustments are of a normal recurring nature.

#### Note 2 - Changes in accounting policy

Effective January 1, 2002, the Company adopted the new Canadian Institute of Chartered Accountants' ("CICA") Handbook Section on "Goodwill and Other Intangible Assets", which requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually. Goodwill must be tested for impairment as of the beginning of the fiscal year in which the Section is adopted. The Company has six months from the initial date of adoption to complete the first step of its impairment testing.

As of the date of adoption, the Company had unamortized goodwill in the amount of \$8,180,000. As a result of adopting the new Section, the Company discontinued the amortization of goodwill. The Company's net income for the quarter ended March 31, 2001 would have been \$1,300,000 versus \$1,250,000 as previously reported had this amortization expense not been reported in that period. The Company's basic and diluted earnings per share for the quarter ended March 31, 2001 would have been \$0.08 versus \$0.07 as previously reported had this amortization expense not been reported in that period.

**Note 3 - U.S. GAAP net loss per share (Cdn. \$)**

U.S. GAAP primary net loss per share was \$.02 and diluted \$.02 for the three months ended March 31, 2002.

Net loss 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 and the realization of certain deferred tax benefits. Under U.S. GAAP, the restructuring expenditures 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.

**Note 4 - 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 March 31, 2002 at the rate of Cdn. \$1.598 = U.S. \$1.00, the prevailing rate on March 31, 2002. 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. \$1.598 = U.S. \$1.00 or at any other rate.

**Note 5 - Share data**

At March 31, 2002 the Company had 17,158,091 common shares and 1,477,069 options to acquire common shares outstanding. 561,043 of those options were currently vested and exercisable.

	Number of shares	Earnings per share \$
Weighted average basic shares	17,158,091	0.02
Incremental shares on exercise of stock options	103,380	-
Fully diluted shares	<u>17,261,471</u>	<u>0.02</u>

On January 1, 2002 the Company adopted the new CICA Handbook Section on "Stock-Based Compensation and Other Stock-Based Payments", and has continued to account for common share options granted to employees, officers and directors using the intrinsic method. Accordingly, no compensation cost has been recognized in the consolidated statements of operations. Had compensation cost been determined on the basis of fair values, net loss for the quarter would have been higher by Cdn. \$314,000 or \$0.02 per common share (U.S. \$196,000).

The fair value of common share options granted in the first quarter of 2002 is Cdn. \$962,000 (U.S. - \$602,000). The fair value of common share options granted is estimated as at the grant date using the Black-Scholes option pricing model, using the following assumptions:

Dividend yield	nil
Risk-free interest rate	5.46%
Expected life	4.93 years
Expected volatility	70%

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**CE Franklin Ltd.**  
**Supplemental 2002 Information - Quarterly Financial Data**  
**(Unaudited)**

(IN MILLIONS OF CDN DOLLARS EXCEPT STATISTICS)	Q1
<b>Sales</b>	
General Supplies	45.0
Tubulars	32.3
CEF Technologies	2.4
<b>Total Sales</b>	<b>79.7</b>
# of Oil Wells Completed (excluding dry/service)	708
# of Gas Wells Completed (excluding dry/service)	2,152
<b>Gross Profit</b>	
General Supplies	7.7
% of Sales	17.2%
Tubulars	1.7
% of Sales	5.3%
CEF Technologies	0.5
% of Sales	22.0%
<b>Total Gross Profit</b>	<b>10.0</b>
% of Sales	12.6%
<b>Selling, General &amp; Administrative</b>	<b>9.5</b>
% of Gross Profit	95.3%
<b>Earnings before interest, tax, depreciation, amortization and other expenses (income) EBITDA</b>	<b>0.5</b>
<b>Net loss</b>	<b>(0.4)</b>
% of Sales	-0.5%
<b>EPS</b>	
Basic	(0.02)
Diluted	(0.02)
<b>Total Assets</b>	<b>111.9</b>
<b>Total Financed Debt</b>	<b>18.4</b>
<b>Total Capitalization (Average)</b>	
Average Financed Debt	21.4
% to Total Capitalization	30.1%
Average Equity	49.7
% to Total Capitalization	69.9%
<b>Total Capitalization</b>	<b>71.1</b>

**CE Franklin Ltd.**  
**Supplemental 2002 Information - Quarterly Financial Data**  
**(Unaudited)**

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(IN MILLIONS OF CDN DOLLARS EXCEPT STATISTICS) Q1

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**Current Assets % of Total Assets (Average)**

Average Current Assets	93.3
Average Total Assets	115.9
%	80.5%

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**Days Sales Outstanding (DSO) <sup>(1)</sup>**

Average Accounts Receivable - Trade	43.4
DSO - Days	46.4

<sup>(1)</sup> (Average A/R/Sales)\*365 days

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**Bad Debt % to Accounts Receivable**

Bad Debt	0.2
Average Accounts Receivable - Trade	43.4
%	0.4%

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**Inventory Turns <sup>(2)</sup>**

Average Inventory	47.9
Inventory Turns	5.8

<sup>(2)</sup> Cost of Sales /Average Inventory

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**Inventory Writeoff % <sup>(3)</sup>**

Inventory Writeoffs	0.2
Average Inventory	47.9
%	0.3%

<sup>(3)</sup> Inventory Writeoffs/Average Inventory

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**ROI (after tax) = Return on Investment <sup>(4)</sup>**

Interest after tax	(0.0)
ROI (after tax)	(2.3%)

<sup>(4)</sup> 
$$\frac{\text{Net Income} + \text{Interest After Tax}}{\text{Average (Equity} + \text{Financed Debt)}}$$

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**ROE (after tax) = Return on Equity <sup>(5)</sup> (3.1%)**

<sup>(5)</sup> (Net Income/Average Equity)

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