

NEWS RELEASE TRANSMITTED BY [CANADIAN CORPORATE NEWS](#)

FOR: CE FRANKLIN LTD.

TSE SYMBOL: CFT  
AMEX SYMBOL: CFK

APRIL 28, 1999

CE Franklin Ltd. Announces First Quarter Results (Results are in Canadian Dollars)

CALGARY, ALBERTA--CE FRANKLIN LTD. (TSE.CFT, AMEX.CFK) today reported results for the first quarter ended March 31, 1999. Sales for the first quarter were \$56.8 million, a decrease of \$58.5 million or 51 percent from March 31, 1998. The decrease is due mainly to a 79 percent reduction in oil well drilling activity in western Canada offset partially by a 25 percent increase in gas well drilling activity in western Canada. CE Franklin's sales per oil well are greater than sales per gas well making the company's sales more sensitive to changes in oil drilling activity.

Gross profit as a percentage of sales decreased from 14.2 percent in the first quarter of 1998 to 10.5 percent in the first quarter of 1999. This is due mainly to reduced demand for oilfield products resulting from low oil prices and write-offs relating to unreconciled accounts payable that were discovered during the conversion to new software in the company.

Selling, general and administrative expenses in the first quarter of 1999, excluding severance and related costs and bad debt write-offs, decreased 25 percent from \$9.7 million in the first quarter of 1998 to \$7.3 million in the first quarter of 1999. This was achieved through ongoing expense reductions. Further expense reductions started in March and will finish in May 1999. These expense reductions include approximately, but are not limited to, the following: a 20 percent decrease in employees, a 25 percent decrease in the number of vehicles, the closure of three service center locations, the consolidation of two distribution centers and a further reduction in discretionary spending.

The company had a net loss of \$0.16 per share (fully diluted) in the first quarter of 1999 compared to net income of \$0.18 per share (fully diluted) for the same period last year.

Subsequent to the end of the quarter, the company began operation of a comprehensive new "enterprise resource management" information technology system which has been in development for almost two years. This new state-of-the-art platform includes electronic commerce capability, product bar coding, enhanced inventory management systems, increased software flexibility, improved business processes and scalability for growth.

"We are excited that we have implemented this leading edge software," commented John Gilbank, Chairman, President and Chief Executive Officer. "It will continue to increase the efficiency of the over all supply chain that links our customers with our suppliers."

In the second quarter of 1999, the company is expecting normal

spring break-up conditions. Spring break-up makes previously frozen roads soft and moving heavy drilling and service rigs is greatly restricted. As a result, fewer wells are drilled causing a reduction in demand for CE Franklin's supplies and services.

CE Franklin is Canada's largest distributor of supplies to the oil and gas drilling and production industry. 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 40 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. For more information visit our Web Site at <http://www.cefranklin.com>.

Shareholders are invited to attend CE Franklin Ltd.'s Annual General Meeting on Thursday, April 29, 1999, in Calgary, Alberta, at 3:00 p.m. in the Viking Room of the Calgary Petroleum Club.

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.

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 1998 Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission.

/T/

CE Franklin Ltd.

Consolidated Statements of Operations (Unaudited)

Three Months Ended (in thousands of dollars)	March 31, 1999 U.S. \$	March 31, 1999 Cdn \$	March 31, 1998 Cdn \$
<b>Sales</b>			
General supplies	22,962	34,654	59,103
Tubulars	12,906	19,477	52,609
CEF Technologies	1,751	2,643	3,547
	37,619	56,774	115,259
<b>Gross profit</b>			
General supplies	2,856	4,310	11,619

Percent	12.4	12.4	19.7
Tubulars	663	1,000	3,540
Percent	5.1	5.1	6.7
CEF Technologies	436	658	1,250
Percent	24.9	24.9	35.2
-----			
Total gross profit \$	3,955	5,968	16,409
Total gross profit (percent)	10.5	10.5	14.2
-----			
Selling, general and administrative expenses (SG&A)	4,806	7,253	9,715
Severance and related expenses	949	1,432	-
Bad debt write off	309	467	-
-----			
Total SG&A	6,064	9,152	9,715
-----			
Earnings (loss) before interest, tax, depreciation, amortization and other expenses (income)(EBITDA)	(2,109)	(3,184)	6,694
Other expenses (income)			
Depreciation and amortization	407	614	573
Interest expense	571	861	731
Other	(75)	(113)	(66)
-----			
Income before income taxes	(3,012)	(4,546)	5,456
-----			
Income tax expense (recovery)	(1,201)	(1,812)	2,396
-----			
Net income (loss) for the period	(1,811)	(2,734)	3,060
-----			
Net income (loss) per share (note #1)			
Basic	(0.11)	(0.17)	0.19
-----			
Fully diluted	(0.10)	(0.16)	0.18
-----			
Weighted average basic number of shares outstanding	16,553,809	16,553,809	16,424,363
-----			
CE Franklin Ltd. Consolidated Balance Sheets (Unaudited)			
-----			
(in thousands of dollars)	March 31, 1999 U.S. \$	March 31, 1999 Cdn \$	March 31, 1998 Cdn \$
-----			
ASSETS			
Current assets			
Marketable securities	-	-	450
Accounts receivable	27,839	42,015	76,868

Inventories	27,207	41,061	57,312
Income tax recoverable	3,294	4,972	-
Other	447	675	619
-----			
Total current assets	58,787	88,723	135,249
Capital assets	14,504	21,890	13,211
Goodwill	7,696	11,615	12,072
Other assets	23	34	63
-----			
Total Assets	81,010	122,262	160,595
-----			

LIABILITIES

Current liabilities			
Accounts payable and accrued liabilities	19,859	29,973	62,325
Current portion of long-term debt	198	299	25
-----			
Total current liabilities	20,057	30,272	62,350
Bank operating loan	27,896	42,100	46,400
Long-term debt	716	1,081	38
Deferred income taxes	113	170	-
-----			
Total liabilities	48,782	73,623	108,788
-----			

SHAREHOLDERS' EQUITY

Capital stock and contributed surplus	20,440	30,848	30,457
Retained earnings	11,788	17,791	21,350
-----			
Total Shareholders' Equity	32,228	48,639	51,807
-----			
Total Liabilities and Shareholders' Equity	81,010	122,262	160,595
-----			

CE Franklin Ltd.

Consolidated Statements of Cash Flows (Unaudited)

Three Months Ended (in thousands of dollars)	March 31, 1999 U.S. \$	March 31, 1999 Cdn \$	March 31, 1998 Cdn \$
-----			
Operating activities			
Net income (loss) for the period	(1,811)	(2,734)	3,060
Items not affecting cash -			
Depreciation and amortization	407	614	573
Increase (decrease) of inventory reserves	(456)	(688)	315
Net change in non-cash working			

capital balances related to operations	6,022	9,090	2,308
	4,162	6,282	6,256
-----			
Financing activities			
Issuance of shares	1	1	150
(Decrease) in bank operating loan	(3,114)	(4,700)	(4,900)
(Decrease) in bank overdraft	(287)	(433)	(626)
Increase (decrease) in obligations under capital lease	884	1,334	(8)
	(2,516)	(3,798)	(5,384)
-----			
Investing activities			
Decrease (increase) in marketable securities	301	455	(4)
Purchase of capital assets	(1,947)	(2,939)	(912)
Reduction of other assets	-	-	44
	(1,646)	(2,484)	(872)
-----			
Increase (decrease) in cash during the period	-	-	-
Cash and Cash equivalents - beginning of period	-	-	-
-----			
Cash and Cash equivalents - end of period	-	-	-
-----			

CE Franklin Ltd.

Notes to consolidated financial statements (unaudited)

Note #1 - U.S. GAAP earnings per share (Cdn \$)  
U.S. GAAP earnings per share was (\$0.17)  
for the three months ended March 31, 1999  
(1998 - \$0.19 per share).

/T/

Note #2 - U.S. 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, 1999 at the rate of CDN \$1.5092 = U.S. \$1.00, the prevailing rate on March 31, 1999. 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 \$1.5092 = U.S. \$1.00 or at any other rate.

-30-

FOR FURTHER INFORMATION PLEASE CONTACT:

CE Franklin Ltd.

Kelly O'Sullivan

Manager, Investor Relations

(403) 531-5604

(800) 345-2858

<http://www.cefranklin.com>

or

CE Franklin Ltd.

Jean Parker

Chief Financial Officer

(403) 531-5603