

NEWS RELEASE TRANSMITTED BY CANADIAN CORPORATE NEWS

FOR: CE FRANKLIN LTD.

AMEX SYMBOL: CFK.

TSE SYMBOL: CFT

July 27, 1999

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

CALGARY, ALBERTA--CE FRANKLIN LTD. (TSE.CFT, AMEX.CFK) today reported results for the second quarter ended June 30, 1999. Sales for the second quarter were \$36.3 million, a decrease of \$29.6 million or 45 percent compared to the second quarter of 1998. The decrease was due mainly to lower sales volumes resulting from a 47 percent reduction in oil drilling activity in western Canada offset partially by a 7 percent increase in gas drilling 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. Sales were lower in the second quarter of 1999 impart due to the long spring breakup which hampered well completion work.

Gross profit as a percentage of sales for the second quarter of 1999 decreased 3.0 percent from 15.6 percent in the second quarter of 1998 to 12.6 percent in the second quarter of 1999 due mainly to high inventory levels causing downward pressure on margins.

Selling, General and Administrative (SG&A) costs in the second quarter of 1999 were \$6.9 million, a 23 percent decrease from \$9.0 million in the second quarter of 1998. This decrease is attributable to planned cost reductions. The latest round of cost reductions, started in March 1999 and finished in May 1999, included: an approximate 17 percent decrease in the number of employees, an approximate 18 percent decrease in the number of vehicles, closure of three service center locations, consolidation of two distribution centres, further reduction in discretionary spending, including entertainment, advertising and promotional materials, and company functions, freezing variable compensation for the last nine months of the year, a temporary 10 percent reduction to base pay for executives; and replacing out-sourced information technology system support with in-house support. These reductions are in addition to reductions made in 1998.

Net loss per share for the second quarter of 1999 was \$2.7 million, an increase of \$2.6 million compared to the second quarter of 1998. The increase in losses were due mainly to a reduction in sales and a lower gross profit offset by lower SG&A costs.

Earnings per share (fully diluted) for the second quarter of 1999 decreased \$0.15 to a net loss of \$0.15 and earnings per shares (fully diluted) for the first half of 1999 decreased \$0.49 to a net loss of \$0.31, both due mainly to a reduction in net income.

Sales for the first six months of 1999 were \$93.1 million, a decrease of \$88.1 million or 49 percent compared to the first half of 1998. The decrease was due mainly to lower sales volumes resulting from a 68 percent reduction in oil drilling activity in western Canada offset partially by a 16 percent increase in gas drilling activity in western Canada. Net income for the first six months

decreased by and was a net loss of \$5.4 million for the first half of 1999, a decrease of \$8.4 million compared to the first half of 1998.

"The recovery of the oil and gas industry is now under way in western Canada and we are looking forward to improving market conditions for the rest of the year," commented, John Gilbank, Chairman and Chief Executive Officer.

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>. 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.

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CE Franklin Ltd.

Consolidated Statements of Operations (Unaudited)

Three Months Ended (in thousands of dollars)	June 30, 1999 U.S. \$	June 30, 1999 Cdn \$	June 30, 1998 Cdn \$
Sales			
General supplies	15,451	22,738	42,148
Tubulars	7,641	11,245	20,434
CEF Technologies	1,558	2,293	3,284
	24,650	36,276	65,866
Gross profit			
General supplies	2,327	3,424	8,227
Percent	15.1	15.1	19.5
Tubulars	378	556	1,208
Percent	4.9	4.9	5.9
CEF Technologies	404	594	850
Percent	25.9	25.9	25.9

Total gross profit \$	3,109	4,574	10,285
Total gross profit (Percent)	12.6	12.6	15.6
Selling, general and administrative expenses (SG&A)	4,767	7,015	8,989
Severance and related expenses	(68)	(100)	-
Bad debt write off	-	-	-
Total SG&A	4,699	6,915	8,989
Earnings (loss) before interest, tax, depreciation, amortization and other expenses (income) (EBITDA)	(1,590)	(2,341)	1,296
Other expenses (income)			
Depreciation and amortization	631	929	564
Interest expense	538	792	651
Loss (gain) on disposal of capital assets	-	-	-
Other	54	80	229
Income before income taxes	(2,813)	(4,142)	(148)
Income tax expense (recovery)	(1,010)	(1,487)	(88)
Net income (loss) for the period	(1,803)	(2,655)	(60)
Net income (loss) per share (note #1)			
Basic	(0.11)	(0.16)	(0.00)
Fully diluted	(0.10)	(0.15)	(0.00)
Weighted average basic number of shares outstanding	16,568,669	16,568,669	16,505,291

CE Franklin Ltd.
Consolidated Statements of Operations (Unaudited)

Six Months Ended (in thousands of dollars)	June 30, 1999 U.S. \$	June 30, 1999 Cdn \$	June 30, 1998 Cdn \$
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Sales			
General supplies	39,000	57,392	101,251
Tubulars	20,877	30,722	73,043
CEF Technologies	3,354	4,936	6,831
	63,231	93,050	181,125

Gross profit			
General supplies	5,256	7,734	19,847
Percent	13.5	13.5	19.6
Tubulars	1,057	1,556	4,748
Percent	5.1	5.1	6.5
CEF Technologies	851	1,252	2,100
Percent	25.4	25.4	30.7

Total gross profit \$	7,164	10,542	26,695
Total gross profit (Percent)	11.3	11.3	14.7

Selling, general and administrative expenses (SG&A)	9,696	14,268	18,704
Severance and related expenses	905	1,332	-
Bad debt write off	317	467	-

Total SG&A	10,918	16,067	18,704

Earnings (loss) before interest, tax, depreciation, amortization and other expenses (income) (EBITDA)	(3,754)	(5,525)	7,991
Other expenses (income)			
Depreciation and amortization	1,049	1,543	1,138
Interest expense	1,123	1,653	1,382
Loss (gain) on disposal of capital assets	-	-	-
Other	(22)	(33)	(163)

Income before income taxes	(5,904)	(8,688)	5,308

Income tax expense (recovery)	(2,242)	(3,299)	2,308

Net income (loss) for the period	(3,662)	(5,389)	3,000

Net income (loss) per share (note #1)			
Basic	(0.22)	(0.33)	0.18

Fully diluted	(0.21)	(0.31)	0.18
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Weighted average basic number of shares outstanding	16,561,559	16,561,559	16,463,959
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CE Franklin Ltd.
Consolidated Balance Sheets (Unaudited)

(in thousands of dollars)	June 30, 1999 U.S. \$	June 30, 1999 Cdn \$	June 30, 1998 Cdn \$
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ASSETS

Current assets

Marketable securities	-	-	447
Accounts receivable	23,845	35,091	44,740
Inventories	28,997	42,672	54,653
Income tax recoverable	2,578	3,794	-
Other	532	783	1,086

Total current assets	55,952	82,340	100,926
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Capital assets	14,204	20,903	15,299
Goodwill	7,840	11,537	12,018
Other assets	790	1,162	63

Total Assets	78,786	115,942	128,306
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LIABILITIES

Current liabilities

Bank overdraft	-	-	442
Accounts payable and accrued liabilities	18,847	27,737	33,514
Current portion of long-term debt	204	300	25

Total current liabilities	19,051	28,037	33,981
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Bank operating loan	27,589	40,600	42,100
Long-term debt	737	1,085	200
Deferred income taxes	116	170	-

Total liabilities	47,493	69,892	76,281
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SHAREHOLDERS' EQUITY

Capital stock and contributed

surplus	21,008	30,915	30,735
Retained earnings	10,285	15,135	21,290

Total Shareholders' Equity	31,293	46,050	52,025
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Total Liabilities and Shareholders' Equity	78,786	115,942	128,306
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CE Franklin Ltd.
Consolidated Statements of Cash Flows (Unaudited)

Three Months Ended (in thousands of dollars)	June 30, 1999 U.S. \$	June 30, 1999 Cdn \$	June 30, 1998 Cdn \$
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Operating activities			
Net income (loss) for the period	(1,802)	(2,655)	(60)
Items not affecting cash -			
Depreciation and amortization	631	929	564
Loss (gain) on disposal of capital assets	-	-	-
Increase (decrease) of inventory reserves	104	153	24
Net change in non-cash working capital balances related to operations	2,714	3,997	5,623
	1,647	2,424	6,151

Financing activities			
Issuance of shares	46	67	278
(Decrease) in bank operating loan	(1,019)	(1,500)	(4,300)
(Decrease) in bank overdraft	-	-	442
Increase (decrease) in obligations under capital lease	3	5	-
Other	-	-	-
	(970)	(1,428)	(3,580)

Investing activities			
Decrease (increase) in marketable securities	-	-	-
Purchase of capital assets	90	133	(2,574)
Proceeds on disposal of capital assets	-	-	-
Increase of other assets	(767)	(1,129)	-
	(677)	(996)	(2,574)

Increase (decrease) in cash during the period	-	-	(3)
Cash and Cash equivalents			

- beginning of period	-	-	450

Cash and Cash equivalents			
- end of period	-	-	447

Cash and cash equivalents consist of marketable securities

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

Six Months Ended (in thousands of dollars)	June 30, 1999 U.S. \$	June 30, 1999 Cdn \$	June 30, 1998 Cdn \$

Operating activities			
Net income (loss) for the period	(3,663)	(5,389)	3,000
Items not affecting cash -			
Depreciation and amortization	1,049	1,543	1,138
Loss (gain) on disposal of capital assets	-	-	-
Increase (decrease) of inventory reserves	(364)	(535)	339
Net change in non-cash working capital balances related to operations	8,894	13,087	7,931
	5,916	8,706	12,408

Financing activities			
Issuance of shares	46	68	427
(Decrease) in bank operating loan	(4,213)	(6,200)	(9,200)
(Decrease) in bank overdraft	(294)	(433)	(184)
Increase (decrease) in obligations under capital lease	910	1,339	(8)
Other	-	-	-
	(3,551)	(5,226)	(8,965)

Investing activities			
Decrease (increase) in marketable securities	309	455	-
Purchase of capital assets	(1,907)	(2,806)	(3,486)
Proceeds on disposal of capital assets	-	-	-
Decrease (increase) in other assets	(767)	(1,129)	44
	(2,365)	(3,480)	(3,442)

Increase (decrease) in cash during the period	-	-	1
Cash and Cash equivalents			
- beginning of period	-	-	446

