

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of **October 2002**

CE FRANKLIN LTD.

(Translation of Registrant's Name into English)

Suite 1900, 300 5th Avenue S.W.
Calgary, Alberta, Canada T2P 3C4
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F XXX Form 40-F _____

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes _____ No XXX

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____)

SIGNATURE

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: October 29, 2002

CE FRANKLIN LTD.

By: _____
Name: Denise Jones
Title: Controller

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

(All amounts shown in CDN \$'s)

Forward-Looking Statements

Certain of the statements set forth in this MD&A, such as statements regarding planned activity and revenue levels, gross profit and net profit margins, capital expenditures, working capital, and the availability of capital resources to fund capital expenditures and working capital, are 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. There are numerous risks and uncertainties that can affect the outcome and timing of such events, including many factors beyond the control of the Company. These factors include, but are not limited to, economic conditions, seasonality of drilling activity, shift in drilling activity from conventional oil to gas and heavy oil, commodity prices for oil and gas, currency fluctuations, and government regulations. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's actual results and plans for 2002 and beyond could differ materially from those expressed in the forward-looking statements.

Results of Operations – For the Three and Nine Months ended September 30, 2002 versus 2001

Market Conditions

The price for oil and gas were strong during the third quarter ended September 30, 2002 with oil averaging U.S. \$28.00 (West Texas Intermediate), and gas averaging Cdn. \$3.22 (Alberta Gate Price). This did not stimulate exploration and completion activity for E & P companies as they used the increased cash flows to improve their balance sheets. Large capital project spending has been delayed due to the political uncertainty surrounding the Kyoto accord and current investment market economics.

During the quarter ended September 30, 2002, average rig counts declined 23.1% to 247 active rigs as compared to 321 active rigs for the quarter ended September 30, 2001.

For the quarter ended September 30, 2002 well completions declined 17.0% to 3,485 well completions (excluding dry/service wells) as compared to 4,198 well completions for the quarter ended September 30, 2001, with the majority of the decline in well completion activity due to a decline in gas completions.

The number of oil and gas wells completed (excluding dry/ service wells) for the first nine months of 2002 decreased 22.2% from 12,093 wells completed in the first nine months of 2001 to 9,407 wells completed in the first nine months of 2002.

Sales

Sales for the quarter ended September 30, 2002 were \$62.9 million as compared to \$88.8 million for the quarter ended September 30, 2001, a decrease of \$25.9 million or 29.2%.

Tubulars sales for the quarter ended September 30, 2002 were \$14.0 million, a decline of 58.9%, as compared to \$34.2 million for the quarter ended September 30, 2001. The decrease in Tubulars sales is attributed to merger and acquisition activity, resulting in larger

customers' having enough volume to purchase directly from steel mills coupled with an overall decline in activity levels.

General Supplies sales declined \$5.6 million or 10.9% to \$46.0 million for the quarter ended September 30, 2002 as compared to the quarter ended September 30, 2001. Of this decline, \$2.7 million relates to the completion of a large capital oilsands project in northern Alberta in 2001. Excluding this capital project, General Supplies sales decreased 6.1% while well completion activity for the quarter ended September 30, 2002, as compared to the prior year quarter, declined 17.0% and average rig counts declined 23.1%.

Sales for the nine months ended September 30, 2002 decreased \$92.2 million or 31.5% to \$200.2 million from \$292.4 million for the nine months ended September 30, 2001. Approximately \$18.9 million of the decrease relates to the completion of the capital oilsands project in 2001 and \$47.8 million relates to the decrease in Tubulars revenue due to larger customers going direct to mills. The remainder of the decrease relates to the Company's General Supplies operations reflecting a decline in well completions.

Gross Profit

Total gross profit decreased by \$2.2 million or 19.5% to \$9.2 million for the quarter ended September 30, 2002 from \$11.4 million for the quarter ended September 30, 2001. The decrease in gross profit reflects the decline in sales during the third quarter ended September 30, 2002 as compared to the prior year quarter.

Average gross profit margin for the quarter ended September 30, 2002 increased to 14.6% from 12.8% for the quarter ended September 30, 2001. Average gross profit margin for the nine months ended September 30, 2002 increased to 13.6% from 12.0% for the nine months ended September 30, 2001. The increase in gross profit margins was due primarily to a change in mix from lower margin Tubulars sales to higher margin General Supplies sales.

Selling, General and Administrative Costs (SG&A)

For the quarter ended September 30, 2002, SG&A costs decreased to \$8.4 million from \$9.1 million for the quarter ended September 30, 2001, a decrease of \$700,000 or 7.6%. CE Franklin has reduced its employee base by 23.3% to 336 employees as at September 30, 2002 from 438 employees for the quarter ended September 30, 2001 to offset the decline in activity levels.

SG&A costs of \$8.4 million for the quarter ended September 30, 2002 compares to SG&A costs of \$10.0 million for the quarter ended December 31, 2001. The quarter ended December 31, 2001 represented the highest level of SG&A for the Company in 2001. This represents a \$1.6 million reduction in SG&A as compared to the quarter ended December 31, 2001 or \$6.4 million annually.

For the nine months ended September 30, 2002, SG&A costs were \$26.5 million as compared to \$28.3 million for the nine months ended September 30, 2001, a decrease of \$1.8 million or 6.3%. Included in 2002 SG&A costs was \$1.2 million in severance, termination and other costs.

Earnings before interest, tax, depreciation, amortization and other expenses (EBITDA)

Earnings before interest, tax, depreciation, amortization and other expenses (EBITDA) for the quarter ended September 30, 2002 was \$740,000 as compared to EBITDA of \$2.3 million for the quarter ended September 30, 2001, a decrease of \$1.6 million or 67.3%. Approximately 6% of the \$25.9 million sales decrease resulted in a reduction in EBITDA reflecting improved gross profit margins and a reduction in SG&A.

EBITDA for the nine months ended September 30, 2002 was \$797,000 as compared to EBITDA of \$6.8 million for the nine months ended September 30, 2001, a decrease of \$6.0 million or 88.3%.

EBITDA for the quarter ended September 30, 2002 improved to \$740,000 from a negative \$429,000 for the quarter ended June 30, 2002, an increase of \$1.2 million. The \$5.4 million increase in sales resulted in a \$1.2 million or 21.7% in incremental EBITDA during the quarter.

Income (Loss) from Continuing Operations before Income Taxes

Loss from continuing operations before income taxes was \$547,000 for the quarter ended September 30, 2002 as compared to income of \$765,000 for the quarter ended September 30, 2001. The decline in income primarily reflects the reduction in EBITDA described above.

Loss from continuing operations before income taxes for the nine months ended September 30, 2002 was \$2.9 million as compared to income of \$2.0 million for the nine months ended September 30, 2001. The decline in income was due primarily to the reduction in EBITDA offset by a reduction in interest expense due to lower debt levels reflecting better working capital management by the Company coupled with a reduction in the Canadian prime interest rate.

Net Loss and Loss per Share

Net loss for the quarter ended September 30, 2002 was \$350,000 or a loss of \$0.02 per share (diluted) as compared to net income of \$530,000 or \$0.03 per share (diluted) for the quarter ended September 30, 2001, a decrease of \$880,000. Included in net income of \$530,000 for the quarter ended September 30, 2002 was \$361,000 in earnings or \$0.02 per share from discontinued operations relating to Domino Machine, which was sold by the Company on December 18, 2001.

Net loss for the nine months ended September 30, 2002 was \$1.8 million or a loss of \$0.11 per share (diluted) as compared to net income of \$1.8 million or \$0.11 per share (diluted) for the nine months ended September 30, 2001, a decrease of \$3.6 million. Included in net income of \$1.8 million for the nine months ended September 30, 2001 was \$1.1 million in earnings or \$0.07 per share from the discontinued operations relating to Domino Machine, which was sold by the Company on December 18, 2001.

Liquidity and Capital Resources

Cash Management

For the three months ended September 30, 2002, CE Franklin decreased its bank-operating loan by \$500,000. CE Franklin's total average capitalization for the third quarter of 2002 was comprised of 33.0% debt and 67.0% equity.

As at September 30, 2002, CE Franklin had \$19.9 million of unused credit from its existing operating loan, which in management's opinion is sufficient to finance its current operating needs.

CE Franklin Ltd.
Interim Statement of Operations
(Unaudited)

	2002	2002	2001
<i>Three Months Ended September 30</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(dollars in thousands, except per share data)</i>	(note 4)		
Sales			
General supplies	28,901	46,040	51,671
Tubulars	8,811	14,036	34,153
CEF Technologies	1,753	2,792	3,002
	39,465	62,868	88,826
Cost of sales			
General supplies	24,054	38,318	42,747
Tubulars	8,309	13,236	32,175
CEF Technologies	1,352	2,154	2,530
	33,715	53,708	77,452
Gross profit			
General supplies	4,847	7,722	8,924
Tubulars	502	800	1,978
CEF Technologies	401	638	472
	5,750	9,160	11,374
Other expenses (income)			
Selling, general and administrative expenses	5,286	8,420	9,111
Depreciation and amortization	650	1,036	952
Interest expense	208	331	508
Loss (gain) on disposal of capital assets	(51)	(82)	9
Foreign exchange gain	1	2	(14)
Other	-	-	43
	6,094	9,707	10,609
Income (loss) before income taxes	(344)	(547)	765
Income tax expense (recovery)			
Current	(50)	(79)	544
Future	(74)	(118)	52
	(124)	(197)	596
Net income (loss) from continuing operations	(220)	(350)	169
Net income from discontinued operations	-	-	361
Net income (loss) for the period	(220)	(350)	530
Net income (loss) per share from continuing operations			
Basic and diluted	(0.01)	(0.02)	0.01
Net income (loss) per share (note 5)			
Basic and diluted	(0.01)	(0.02)	0.03
Weighted average basic number of			

shares outstanding

17,178,696

17,178,696

17,158,091

CE Franklin Ltd.
Interim Statement of Operations
(Unaudited)

	2002	2002	2001
<i>Nine Months Ended September 30</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(dollars in thousands, except per share data)</i>	(note 4)		
Sales			
General supplies	81,403	129,675	173,510
Tubulars	39,349	62,683	110,452
CEF Technologies	4,925	7,845	8,467
	125,677	200,203	292,429
Cost of sales			
General supplies	67,465	107,472	145,899
Tubulars	37,195	59,252	104,569
CEF Technologies	3,874	6,170	6,853
	108,534	172,894	257,321
Gross profit			
General supplies	13,938	22,203	27,611
Tubulars	2,154	3,431	5,883
CEF Technologies	1,051	1,675	1,614
	17,143	27,309	35,108
Other expenses (income)			
Selling, general and administrative expenses	16,643	26,512	28,283
Depreciation and amortization	1,980	3,154	2,987
Interest expense	489	779	1,688
Loss (gain) on disposal of capital assets	(58)	(93)	(31)
Foreign exchange (gain) loss	(70)	(112)	164
Other	(1)	(2)	49
	18,983	30,238	33,140
Income (loss) before income taxes	(1,840)	(2,929)	1,968
Income tax expense (recovery)			
Current	(456)	(726)	1,026
Future	(244)	(388)	202
	(700)	(1,114)	1,228
Net income (loss) from continuing operations	(1,140)	(1,815)	740
Net income from discontinued operations	-	-	1,083
Net income (loss) for the period	(1,140)	(1,815)	1,823
Net income (loss) per share from continuing operations			
Basic and diluted	(0.07)	(0.11)	0.04
Net income (loss) per share (note 5)			
Basic and diluted	(0.07)	(0.11)	0.11

Weighted average basic number of
shares outstanding

17,170,243

17,170,243

17,156,584

CE Franklin Ltd.
Interim Balance Sheet
(Unaudited)

	September 30, 2002 U.S. \$ (note 4)	September 30, 2002 Cdn. \$	December 31, 2001 Cdn. \$
<i>(in thousands of dollars)</i>			
ASSETS			
Current assets			
Accounts receivable	24,528	39,073	38,407
Inventories	28,628	45,604	50,876
Other	1,183	1,885	500
	54,339	86,562	89,783
Capital assets			
	8,133	12,956	14,963
Goodwill (note 2)	4,875	7,765	8,180
Other assets	-	-	3
	67,347	107,283	112,929
LIABILITIES			
Current liabilities			
Bank overdraft	2,532	4,034	1,836
Bank operating loan	12,618	20,100	16,300
Accounts payable	8,641	13,765	25,066
Accrued liabilities	11,386	18,138	15,414
Current portion of long-term debt	174	277	251
	35,351	56,314	58,867
Long-term debt	245	390	614
Future income taxes (note 2)	1,714	2,730	3,491
	37,310	59,434	62,972
SHAREHOLDERS' EQUITY			
Capital stock	12,095	19,268	19,186
Contributed surplus	8,516	13,566	13,566
Retained earnings (note 2)	9,426	15,015	17,205
	30,037	47,849	49,957
	67,347	107,283	112,929

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

	2002	2002	2001
<i>Three Months Ended September 30</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(in thousands of dollars)</i>	(note 4)		
Cash flows from operating activities			
Net income (loss) from continuing operations	(220)	(350)	169
Items not affecting cash -			
Depreciation and amortization	650	1,036	952
Gain on disposal of capital assets	(51)	(82)	9
Future income taxes	(74)	(118)	160
Increase (decrease) in inventory reserves	(177)	(282)	(133)
	128	204	1,157
Net change in non-cash working capital balances related to operations -			
Accounts receivable	(2,963)	(4,720)	(640)
Inventories	(244)	(388)	5,666
Other current assets	259	413	(782)
Accounts payable	(1,390)	(2,217)	(10,854)
Accrued liabilities	4,276	6,812	6,017
Net cash flows from continuing operations	66	104	564
Net cash flows from discontinued operations	-	-	(700)
	66	104	(136)
Cash flows from financing activities			
Increase (decrease) in bank operating loan	(314)	(500)	(7,000)
Increase (decrease) in bank overdraft	421	671	6,657
Decrease in long-term debt	(45)	(71)	(65)
	62	100	(408)
Cash flows from investing activities			
Purchase of capital assets	(178)	(283)	(205)
Proceeds on disposal of capital assets	50	79	749
	(128)	(204)	544
Change in cash and cash equivalents during the period	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-
Cash and cash equivalents - End of period	-	-	-
Cash paid (received) during the period for:			
Interest on bank operating loan	200	319	593
Interest on long-term debt	8	12	16
Income taxes	(92)	(147)	164

CE Franklin Ltd.**Interim Statement of Cash Flow s****(Unaudited)**

	2002	2002	2001
<i>Nine Months Ended September 30</i>	U.S. \$	Cdn. \$	Cdn. \$
<i>(in thousands of dollars)</i>	(note 4)		
Cash flows from operating activities			
Net income (loss) from continuing operations	(1,140)	(1,815)	740
Items not affecting cash -			
Depreciation and amortization	1,980	3,154	2,987
Gain on disposal of capital assets	(58)	(93)	(31)
Future income taxes	(244)	(388)	202
Increase (decrease) in inventory reserves	(222)	(353)	501
	316	505	4,399
Net change in non-cash working capital balances related to operations -			
Accounts receivable	(418)	(666)	13,210
Income taxes recoverable	-	-	4,094
Inventories	3,240	5,162	4,534
Other current assets	(868)	(1,382)	787
Accounts payable	(7,297)	(11,626)	(29,670)
Accrued liabilities	1,705	2,716	14,339
Net cash flows from continuing operations	(3,322)	(5,291)	11,693
Net cash flows from discontinued operations	-	-	1,226
	(3,322)	(5,291)	12,919
Cash flows from financing activities			
Issuance of capital stock	51	82	49
Increase (decrease) in bank operating loan	2,386	3,800	(15,800)
Increase (decrease) in bank overdraft	1,380	2,198	3,904
Decrease in long-term debt	(124)	(198)	(212)
	3,693	5,882	(12,059)
Cash flows from investing activities			
Purchase of capital assets	(456)	(727)	(1,752)
Proceeds on disposal of capital assets	85	136	892
	(371)	(591)	(860)
Change in cash and cash equivalents during the period	-	-	-
Cash and cash equivalents - Beginning of period	-	-	-
Cash and cash equivalents - End of period	-	-	-
Cash paid during the period for:			
Interest on bank operating loan	463	738	2,219
Interest on long-term debt	26	41	42
Income taxes	184	293	1,002