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Headnote

National Instrument 51-102, s. 13.1 - Continuous Disclosure Obligations - An issuer wants relief from the requirement to include prospectus-level disclosure in an information circular to be circulated in connection with an arrangement, reorganization or arrangement - Alternate financial information will be provided about the issuer that is consistent with the financial information required in the continuous disclosure context for significant acquisitions; information will be provided about the parties to the transaction sufficient for shareholders to assess the transaction as a whole.

Applicable British Columbia Provisions

Securities Act R.S.B.C. 1996, c. 418, ss. 117 and 119

National Instrument 51-102, ss. 9.1 and 13.1

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA, BRITISH COLUMBIA, AND ONTARIO

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF CE FRANKLIN LTD.

DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Alberta, British Columbia and Ontario (the “Jurisdictions”) has received an application from CE Franklin Ltd. (“CE Franklin”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the requirement contained in the Legislation which requires CE Franklin to include financial statement disclosure in an information circular prepared in connection with a significant acquisition, including audited statements of income, balance sheets, statements of stockholders' equity and comprehensive income and statements of cash flow for a three year period as required by section 14.2 of Form 51-102F5 - *Information Circular* of National Instrument 51-102 - *Continuous Disclosure Obligations* (the “Disclosure Requirements”), shall not apply to CE Franklin on the basis below;

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AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Alberta Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 – Definitions;

AND WHEREAS CE Franklin has represented to the Decision Makers that:

1. CE Franklin is a corporation amalgamated under the *Business Corporations Act* (Alberta) with its head and registered office located in Calgary, Alberta.
2. CE Franklin distributes products and related services to the Canadian oil and gas industry, including projects involving drilling and completions, production and maintenance and capital construction.
3. The common shares of CE Franklin are listed and posted for trading on the Toronto Stock Exchange under the trading symbol “CFT” and the American Stock Exchange under the trading symbol “CFK”.
4. CE Franklin is a reporting issuer in the provinces of Alberta, British Columbia and Ontario.
5. To its knowledge, CE Franklin is not in default of any of the requirements of the applicable securities legislation in any of the provinces in which it is a reporting issuer.
6. Smith International, Inc. (“Smith”) is a corporation organized under the laws of Delaware with its head office located in Houston, Texas.
7. Smith is a supplier of products and services to the oil and gas exploration and production industry, the petrochemical industry and other industrial markets.
8. The common stock of Smith are listed and posted for trading on the New York Stock Exchange and the Pacific Exchange under the trading symbol “SII”.
9. Smith is a registrant under the United States *Securities Exchange Act of 1934* and is not a reporting issuer in Canada.
10. Deloitte & Touche LLP (“Deloitte & Touche”) are currently Smith's auditors and were Smith's auditors for the financial years ended December 31, 2003 and 2002 and prior to that time Arthur Andersen LLP were Smith's auditors.

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11. Smith currently owns approximately 55% of the currently outstanding common shares of CE Franklin.
12. Wilson International Inc. ("Wilson") is a corporation incorporated under the laws of Delaware with its head office located in Houston, Texas.
13. Wilson is a wholly-owned subsidiary of Smith and, as such, has not previously been required to prepare audited financial statements.
14. Deloitte & Touche has reviewed Wilson's records in the context of its 2003 and 2002 audit of Smith.
15. CE Franklin has entered into a letter of intent with Smith to acquire all of the common stock of Wilson in exchange for common shares of CE Franklin (the "Wilson Acquisition"). The Wilson Acquisition is a related party transaction under applicable Canadian securities legislation by virtue of Smith's ownership of approximately 55% of the currently outstanding CE Franklin common shares and requires the consent of the majority of the minority of the CE Franklin shareholders.
16. CE Franklin is preparing an information circular (the "Information Circular") in connection with a meeting of its shareholders which is expected to be held in September, 2004. At the shareholders' meeting the CE Franklin shareholders will be given the opportunity to vote on the Wilson Acquisition.
17. Pursuant to Section 14.2 of NI 51-102F5, because the Wilson Acquisition is a significant acquisition, CE Franklin is required to include financial statement disclosure in the Information Circular in respect of the Wilson Acquisition, including audited statements of income, retained earnings and cash flows for a three year period.
18. CE Franklin proposes to include in the Information Circular certain financial information in accordance with Sections 8.4 and 8.5 of NI 51-102 in respect of the Wilson Acquisition, including audited statements of income, retained earnings and cash flows for the two years ended December 31, 2003 and 2002 and unaudited statements of income, retained earnings and cash flows for the six months ended June 30, 2004 (the "Alternative Financial Disclosure").
19. The Alternative Financial Disclosure will comply with National Instrument 52-107 - *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

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AND WHEREAS each of the Decision Makers is satisfied that the Decision Maker has the jurisdiction to make the Decision;

The Decision of the Decision Makers under the Legislation is that the requirement contained in the Legislation which requires CE Franklin to include financial statement disclosure in an information circular prepared in connection with a significant acquisition, including audited statements of income, balance sheets, statements of stockholders' equity and comprehensive income and statements of cash flow for a three year period as required by the Disclosure Requirements for the purposes of the Information Circular, shall not apply to CE Franklin provided that CE Franklin includes the Alternative Financial Disclosure in the Information Circular.

DATED September 22, 2004.

Agnes Lau, CA
Deputy Director, Capital Markets