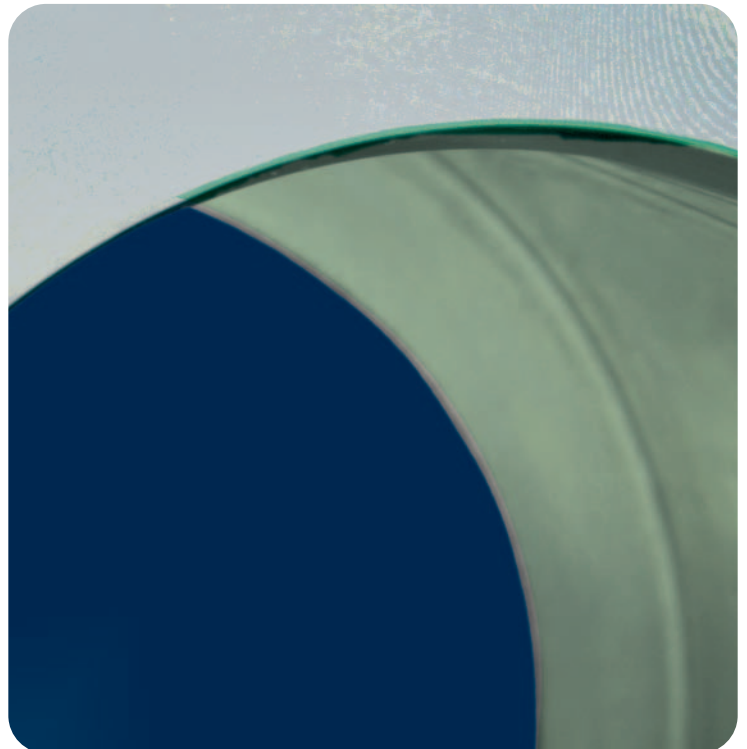
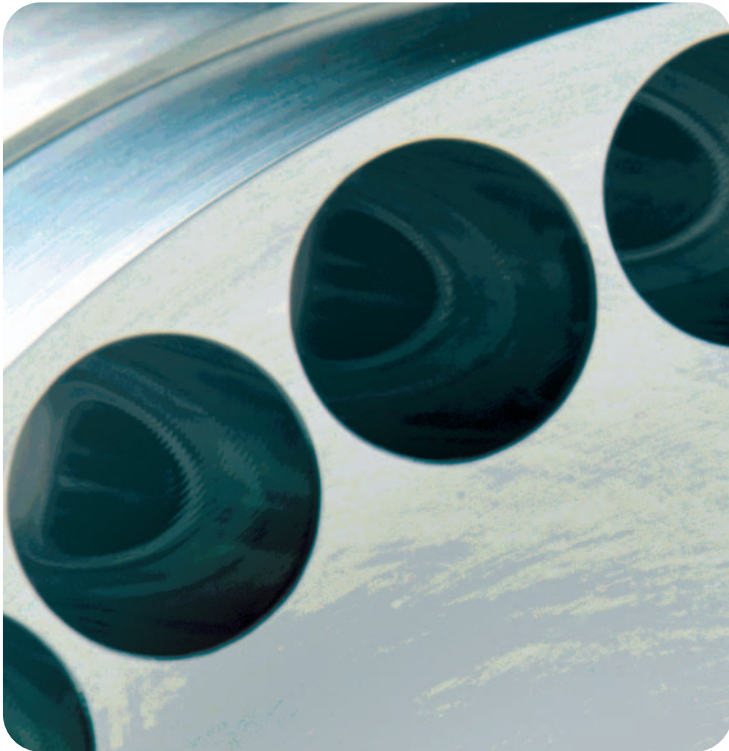


## HIGHLIGHTS

- > New record half year
- > Profit before tax doubles to MEUR 21.4
- > Bookings up 55% to EUR 160.6
- > Strong organic growth



## Dear shareholders,

The sustained positive development of the global economy, in particular in the growth regions of Asia and the US, has recently secured the basis of the favourable business environment in the oilfield service industry. The latest political turmoil in the Middle East has not yet had any negative impact on the business environment, as the cyclical demand for oil and gas remains strong. International oil companies keep their exploration activities to tap new oil and gas reserves at a high level. The upward cycle observed within the oilfield service industry continues unabated since no end to the demand for oil and gas appears to be in sight even in the medium run. Additionally, the oil price is expected to remain on a very attractive level for the international oil companies.

Schoeller-Bleckmann Oilfield Equipment was able to fully benefit from this positive business development in the first six months of 2006. The strategic investment programme launched more than a year ago started to make itself felt and helped us to generate new record sales and profit figures in the first half of the year. Due to the continuous extension of our manufacturing equipment, combined with a growth-oriented human resources policy, we have laid the foundations for SBO's dynamic upward development. In total, when our strategic investment programme will be completed, we will have invested more than MEUR 50 in expanding our existing sites alone. This process has its focus on Austria, but the US sites and our Mexican subsidiary are also intensely extending their capacities. At the same time, we have made provisions for restructuring our activities in Venezuela should that become necessary for political reasons. As concerns our investments, we make sure that the flexibility of our production sites remains high and that fixed costs are kept to an absolute minimum despite of the present order boom.

The current business development is secured by a continuing high level of bookings of MEUR 160.6, which even exceeded the excellent volume of MEUR 103.9 achieved in the first half of 2005 by 55%. This rise in orders was observed for all product groups and all geographical regions. The mid-year order backlog amounted to a new record MEUR 179, with individual orders scheduled for as late as 2008. In spite of the strong increase in human resources, overtime had to be worked and additional shifts were required to work off the extensive order backlog in due time in the first half of 2006.

We expect business development to continue at this excellent level in the second half of 2006, provided that the cyclical demand for oil and gas remains high on and the dollar is not significantly weakened against the euro.

Ternitz, August 2006  
The Executive Board

  
**Gerald Grohmann**  
Chairman of the  
Executive Board, CEO

  
**Franz Gritsch**  
Member of the  
Executive Board, CFO

## NOTES ON THE HALF-YEAR STATEMENT

The half-year 2006 statement of Schoeller-Bleckmann Oilfield Equipment AG posts new record figures for sales revenues and profit before tax. Sales revenues climbed 45.3% to MEUR 114.9 (following MEUR 79.1 in the first six months of 2005). Profit before tax in the first half of 2006 doubled from MEUR 10.6 in the same period of 2005 to MEUR 21.4. Net income went up from MEUR 7.5 in the first six months of 2005 to MEUR 15.4 in the same period of 2006, representing an increase of 105%. Half-year earnings per share improved from EUR 0.52, calculated for an average of 14.5 million shares, to now EUR 0.96, calculated for 16 million shares in the first half of 2005. The EBIT margin generated in the first six months of 2006 rose to 19.3% (following 14.4% in the same period of 2005), another all-time high value for SBO.

This new record half-year result was due to the capacity expansions accomplished at all production sites, further efficiency increases in manufacturing processes and the strong market environment. Another focus was on massively upsizing the headcount. The number of employees at the end of the first half of the year was exactly 1,000, just under 18% more than as per June 30, 2005. Those additionally recruited were almost exclusively highly qualified skilled workers, some of whom had been trained by SBO in the past months. As against December 31, 2005, the headcount at Ternitz, Austria was increased by 18 people; in North America (including Mexico) another 66 persons were hired. Further recruitment and training activities are underway.

### The SBO share

The SBO share ended the first half of 2006 at a closing price of EUR 29.60, which is an increase of 19.8% over the closing price as per January 2, 2006 (EUR 24.70). The all-time high (intraday) in the first half of 2006 was EUR 35.0.

# INTERIM PROFIT AND LOSS ACCOUNT

TEUR	UNAUDITED				AUDITED Year ended 31.12.2005
	6 months period ended 30.06.2006	30.06.2005	3 months period ended 30.06.2006	30.06.2005	
Sales	114,924	79,115	62,347	42,956	172,747
Cost of sales	-81,169	-59,114	-43,238	-31,966	-129,893
<b>Gross profit</b>	<b>33,755</b>	<b>20,001</b>	<b>19,109</b>	<b>10,990</b>	<b>42,854</b>
Selling, general & administrative expenses	-10,730	-8,520	-5,453	-4,541	-18,623
Research & development expenses	-448	-279	-306	-161	-572
Other operating expenses/income	-409	204	-566	141	1,804
<b>Income from operations</b>	<b>22,168</b>	<b>11,406</b>	<b>12,784</b>	<b>6,429</b>	<b>25,463</b>
<b>Financial result</b>	<b>-807</b>	<b>-789</b>	<b>-434</b>	<b>-318</b>	<b>-1,112</b>
<b>Income on ordinary activities before taxation</b>	<b>21,361</b>	<b>10,617</b>	<b>12,350</b>	<b>6,111</b>	<b>24,351</b>
Income taxes	-5,939	-3,075	-3,434	-1,797	-6,982
<b>Income after taxation</b>	<b>15,422</b>	<b>7,542</b>	<b>8,916</b>	<b>4,314</b>	<b>17,369</b>
Minority interests	-31	-20	-7	-11	-59
<b>Net income</b>	<b>15,391</b>	<b>7,522</b>	<b>8,909</b>	<b>4,303</b>	<b>17,310</b>
Earnings per share (in EUR)	0.96	0.52	0.56	0.27	1.13
Number of shares outstanding	16,000,000	14,508,287	16,000,000	16,000,000	15,260,274

## STATEMENT OF SHAREHOLDERS' EQUITY (TEUR)

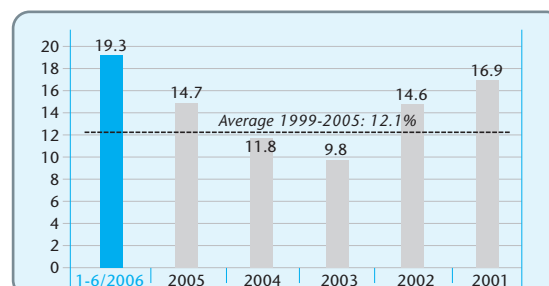
Equity as of December 31, 2005	155,157
Income after taxation	15,422
Dividend	-8,000
Change in minority interests	-308
Currency translation adjustments	-6,975
<b>Equity as of June 30, 2006</b>	<b>155,296</b>

Equity as of December 31, 2004	78,180
Capital increase	51,803
Income after taxation	7,542
Dividend	-5,200
Currency translation adjustments	11,371
<b>Equity as of June 30, 2005</b>	<b>143,696</b>

## SALES BY REGION (MEUR)

	2006 1-6	2005 1-6
North America	96,2	64,8
Europe	50,9	37,7
Other	6,6	5,2
- Intercompany Sales	-38,8	-28,6
<b>Sales</b>	<b>114,9</b>	<b>79,1</b>

## EBIT-MARGIN (%)



- > Schoeller-Bleckmann Oilfield Equipment AG is the global market leader in high-precision components for the oilfield service industry.
- > The business focus is on non-magnetic drillstring components for challenging directional drilling.
- > Worldwide, the company employs a workforce of 1,000 (end of 2005: 913), 252 at Ternitz, Lower Austria and 534 in North America (including Mexico)

## INTERIM BALANCE SHEET

	UNAUDITED 30.06.2006 TEUR	AUDITED 31.12.2005 TEUR
<b>ASSETS</b>		
Cash and cash equivalents	35,518	35,598
Trade accounts receivable	35,609	28,460
Other accounts receivable and prepaid expenses	4,312	5,402
Inventories	64,790	58,108
<b>Total current assets</b>	<b>140,229</b>	<b>127,568</b>
Property, plant & equipment	70,926	68,200
Goodwill	37,896	40,019
Other intangible assets	466	548
Long-term investments	1,474	1,480
Long-term receivables	1,335	1,355
Deferred tax assets	3,806	3,677
<b>Total non-current assets</b>	<b>115,903</b>	<b>115,279</b>
<b>TOTAL ASSETS</b>	<b>256,132</b>	<b>242,847</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
	TEUR	TEUR
Bank loans and overdrafts	34,933	24,647
Current portion of loans	3,299	4,333
Finance lease obligations	426	236
Accounts payable trade	20,815	16,384
Other payables and accrued expenses	16,295	15,505
<b>Total current liabilities</b>	<b>75,768</b>	<b>61,105</b>
Loans not due within one year	15,678	17,286
Finance lease obligations, long-term	0	308
Subsidies received	759	648
Retirement benefits obligations	3,095	3,105
Deferred tax payables	5,536	5,238
<b>Total non-current liabilities</b>	<b>25,068</b>	<b>26,585</b>
Common stock	16,000	16,000
Contributed capital	65,799	65,799
Other reserves and translation component	-14,058	-7,095
Retained earnings	87,418	80,026
Minority interests in consolidated companies	137	427
<b>Total shareholders' equity</b>	<b>155,296</b>	<b>155,157</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>256,132</b>	<b>242,847</b>

## INTERIM CASH FLOW STATEMENT

	UNAUDITED 6 months period ended	
	30.06.2006 TEUR	30.06.2005 TEUR
<b>OPERATING ACTIVITIES</b>		
Income after taxation	15,422	7,542
Depreciation and amortization	6,307	5,363
Other	1,513	2,688
<b>Cash earnings</b>	<b>23,242</b>	<b>13,173</b>
Change in working capital	-11,659	-9,053
<b>Net cash provided by operating activities</b>	<b>11,583</b>	<b>4,120</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures for fixed assets	-12,742	-8,107
Other activities	506	316
<b>Net cash used in/provided by investing activities</b>	<b>-12,236</b>	<b>-7,791</b>
<b>FINANCING ACTIVITIES</b>		
Capital increase	0	51,803
Payment of dividends	-8,000	-5,200
Change in bank liabilities and other financing	9,053	-14,494
<b>Net cash used in/provided by financing activities</b>	<b>1,053</b>	<b>32,109</b>
Translation adjustments	265	-1,684
<b>Change in cash and cash equivalents</b>	<b>665</b>	<b>26,754</b>
Cash and cash equivalents at beginning of year	35,598	17,042
Exchange rate effects on cash and cash equivalents	-745	1,683
Cash and cash equivalents at end of period	35,518	45,479

### For additional information please contact:

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