

HIGHLIGHTS

- > Profit before tax rises 59% to EUR 10.6 million, up from EUR 6.7 million
- > Orders received up 22% to EUR 103.9 million from EUR 85.2 million
- > Begin of expansion program to boost production capacity
- > Market remains strong, driving demand

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AG



Dear shareholders,

The first half of the 2005 business year has proceeded well for Schoeller-Bleckmann Oilfield Equipment AG. As expected, the ongoing economic upswing in Asia and the USA has sustained the high level of demand for oil. Despite an increase in daily oil production by the Organisation of Petroleum Exporting Countries (OPEC), which reached a volume of 28 million barrels per day at the beginning of July, the oil industry does not anticipate an oversupply of crude oil. Similarly, the oil price is expected to remain high.

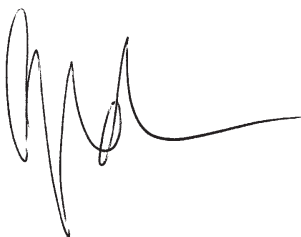
OPEC expects a 1.8% rise in demand for oil during the year 2006. For this reason, international oil companies are intensifying their exploration and drilling activities. This has led to a continuing rise in orders for equipment on the part of the oilfield service industry, in particular for the demanding offshore segment.

Within the context of this challenging business environment, our company succeeded in raising the volume of orders received by 22% to EUR 103.9 million, up from EUR 85.2 million in the first six months of 2004. The high level of orders applied to all our business segments and production locations, particularly our drilling motor division BICO. Several months ago, the market responded quite favorably when it launched a new drilling motor under the brand name "Spiro Star".

The current business environment is expected to remain unchanged in the second half of 2005. As a result, the company anticipates an ongoing high level of bookings. The main challenge of the upcoming months will be to effectively tailor the number of employees as well as the supply of materials to the level of demand, particularly at our American production facilities. The high volume of orders at present, amounting to EUR 61.7 million as of June 30, 2005 (compared to EUR 45 million a year before) will serve as the basis for an ongoing positive development in the second half of 2005. Part of the current backlog represents orders for 2006.

Ternitz, August 2005

The Executive Board



Gerald Grohmann
Chairman of the
Executive Board, CEO



Franz Gritsch
Member of the
Executive Board, CFO

NOTES TO THE HALF-YEAR STATEMENT

In the first six months of 2005, Schoeller-Bleckmann Oilfield Equipment AG increased its sales by 10% to EUR 79.1 million, up from EUR 72 million in the same period of 2004. Pre-tax profit on ordinary activities rose to EUR 10.6 million in the first half year of 2005, an increase of 59% compared to EUR 6.7 million posted in the comparable period of 2004. Net income climbed 71% to EUR 7.5 million in the first two quarters of 2005, up from EUR 4.4 million in the first six months of last year. This represents earnings per share amounting to EUR 0.52, calculated in accordance with the average volume of shares amounting to 14.5 million. In the first half year of 2004, earnings per share were EUR 0.34, based on a volume of 13 million outstanding shares at that time. Within the framework of a capital increase, the number of shares rose from 13 million to 16 million, effective April 1, 2005. In the period under review, SBO managed to improve its overall business results despite yet another decline in the average exchange rate of the dollar by 4.7%.

The successful capital increase implemented in March 2005 resulted in net proceeds totalling EUR 51.8 million. As a result, the company's equity ratio increased from 44% of the consolidated balance sheet total as of December 31, 2004 to 62% of the balance sheet total as of June 30, 2005. Part of the proceeds derived from the capital increase were used to repatriate short-term liabilities as well as for investment financing. However, most of the capital increase is designed to help finance a strategic investment program on the part of SBO, which is scheduled to be completed by 2007.

Within the framework of the planned expansion of production capacities, investments in capital equipment were significantly increased to EUR 8.1 million in the first six months of 2005, up from EUR 4.8 million in the first half of 2004. This encompassed an increase in the company's stock of drilling motors, as well as an expansion of available machinery used in the production of high-precision components at the Ternitz and Houston production locations. SBO's investment activities will be further intensified in the second half of 2005. The increase in production also led to a rise in the number of employees at all locations.

The SBO Share

The SBO share ended trading in the first half of 2005 at a closing price of EUR 21.99, a rise in value amounting to 40% compared to a share price of EUR 15.81 at the end of 2004. The increase in the total volume of shares in free-float within the framework of the capital increase, as well as the allocation of shares from the portfolio of SBO's core shareholder Berndorf AG, had a positive impact on the volume of shares traded. In the first half of 2005, the average volume of SBO shares traded totalled 77,940 (counted double), compared to 24,212 shares traded on average during 2004. The highest volume of SBO shares ever traded in the history of the company was on March 29, 2005, when a total of 638,766 shares (counted double) traded hands.

INTERIM PROFIT AND LOSS ACCOUNT

TEUR	UNAUDITED				AUDITED Year ended 31.12.2004
	6 months period ended 30.6.2005		3 months period ended 30.6.2004		
Sales	79,115	71,951	42,956	36,680	152,162
Cost of sales	-59,114	-55,583	-31,966	-28,487	-116,513
Gross profit	20,001	16,368	10,990	8,193	35,649
Selling, general & administrative expenses	-8,520	-8,668	-4,541	-4,191	-17,378
Research & development expenses	-279	-263	-161	-144	-709
Income from operations	11,202	7,437	6,288	3,858	17,562
Non-recurring expenses for restructuring	0	0	12	0	-958
Other income/expenses	446	455	236	267	1,409
Foreign exchange gain/loss	-242	33	-107	48	-119
Interest income/expenses	-789	-1,251	-318	-613	-2,373
Total other income	-585	-763	-177	-298	-2,041
Income on ordinary activities before taxation	10,617	6,674	6,111	3,560	15,521
Income taxes	-3,075	-2,271	-1,797	-1,215	-4,732
Income after taxation	7,542	4,403	4,314	2,345	10,789
Minority interests	-20	-13	-11	-5	-25
Net income	7,522	4,390	4,303	2,340	10,764
Earnings per share (in EURO)	0.52	0.34	0.27	0.18	0.83
Number of shares outstanding	14,508,287	13,000,000	16,000,000	13,000,000	13,000,000

STATEMENT OF SHAREHOLDERS' EQUITY (TEUR)

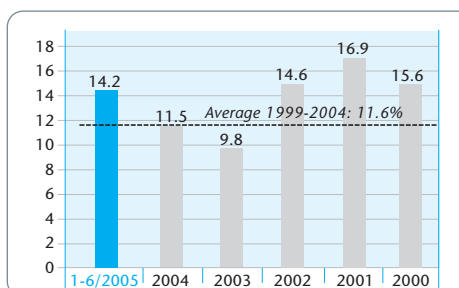
Equity as of December 31, 2004	71,180
Capital increase	51,803
Income after taxation	7,542
Dividend	-5,200
Currency translation adjustments	11,371
Equity as of June 30, 2005	143,696

Equity as of December 31, 2003	77,338
Income after taxation	4,403
Dividend	-3,900
Currency translation adjustments	3,117
Equity as of June 30, 2004	80,958

SALES BY REGION (MEUR)

	2005 1-6	2004 1-6
North America	64,8	59,8
Europe	37,7	32,5
Other	5,2	5,0
- Intercompany Sales	-28,6	-25,3
Total Sales	79,1	72,0

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 high-performance direction drilling.
- > The company employs a work force of 848 people around the globe (June 30, 2004: 783; adjusted to take account of SBO's subsidiary Bafco, which the company divested in 2005). 218 people are employed at company headquarters in Ternitz, Lower Austria and 436 in North America (including Mexico).

INTERIM BALANCE SHEET

ASSETS (TEUR)	UNAUDITED	AUDITED
	30.06.2005	31.12.2004
Cash and cash equivalents	45,479	17,042
Trade accounts receivable	28,832	19,987
Other accounts receivable and prepaid expenses	4,918	7,069
Inventories	48,352	36,226
Total current assets	127,581	80,324
Property, plant & equipment	59,361	52,329
Goodwill	39,478	35,884
Other intangible assets	624	636
Long-term investments	1,328	1,328
Long-term receivables	1,241	134
Total non-current assets	102,032	90,311
Deferred tax assets	2,821	2,699
TOTAL ASSETS	232,434	173,334
LIABILITIES AND SHAREHOLDERS' EQUITY (TEUR)		
Bank loans and overdrafts	14,682	25,166
Current portion of loans	5,003	5,820
Finance lease obligations	209	205
Accounts payable trade	18,529	14,482
Other payables and accrued expenses	13,331	12,259
Total current liabilities	51,754	57,932
Subsidies received	747	743
Loans not due within one year	28,645	29,416
Finance lease obligations, long-term	458	530
Retirement benefits obligations	2,541	2,571
Total non-current liabilities	31,644	32,517
Deferred tax payables	4,422	3,791
Negative goodwill	171	171
Common stock	16,000	13,000
Contributed capital	65,799	16,996
Other reserves and translation component	-8,720	-20,047
Retained earnings	70,238	67,915
Minority interests in consolidated companies	379	316
Total shareholders' equity	143,696	78,180
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	232,434	173,334

INTERIM CASH FLOW STATEMENT

	UNAUDITED	
	30.06.2005	30.06.2004
	TEUR	TEUR
OPERATING ACTIVITIES		
Income after taxation	7,542	4,403
Depreciation and amortization	5,363	7,407
Other	268	61
Cash earnings	13,173	11,871
Change in working capital	-9,053	-1,354
Net cash provided by operating activities	4,120	10,517
INVESTING ACTIVITIES		
Expenditures for fixed assets	-8,107	-4,754
Other activities	316	773
Net cash used in/provided by investing activities	-7,791	-3,981
FINANCING ACTIVITIES		
Capital increase	51,803	0
Payment of dividends	-5,200	-3,900
Change in bank liabilities and		
Other financing	-14,494	3,234
Net cash used in/provided by financing activities	32,109	-666
Translation adjustments	-1,684	-512
Change in cash and cash equivalents	26,754	5,358
Cash and cash equivalents at beginning of year	17,042	9,966
Exchange rate effects	1,683	341
Cash and cash equivalents at end of period	45,479	15,665



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