SCHOELLER BLECKMANN OILFIELD EQUIPMENT

ANNUAL REPORT 2013

BUILDING ON STRONG FOUNDATIONS

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FINANCIAL HIGHLIGHTS

in MEUR	2013	2012	2011	2010	2009	2008
Sales	**458.6**	512.1	408.6	307.7	251.6	388.7
Profit from operations	**90.2**	121.2	90.2	49.4	28.2	88.0
Earnings before Interest, Taxes, Depreciation and Amortization	**136.5**	160.8	125.0	85.1	61.5	114.2
Profit after tax	**61.3**	76.9	53.4	27.3	15.3	58.8
Earnings per share[1] (in EUR)	**3.81**	4.80	3.33	1.71	0.96	3.69
Total assets	**703.5**	698.4	620.0	561.6	425.5	443.3
Share capital	**15.9**	16.0	16.0	16.0	15.9	15.9
Shareholders' equity	**382.2**	363.1	314.8	267.1	229.8	226.2
Return on capital employed (in %)[2]	**22.7**	32.1	26.8	16.7	9.8	32.2
Dividend per share (in EUR)	**1.50**[3]	1.50	1.20	1.00	0.50	0.75
Number of shares outstanding at year end	**15,912,239**	15,960,116	15,960,116	15,960,116	15,880,116	15,880,116

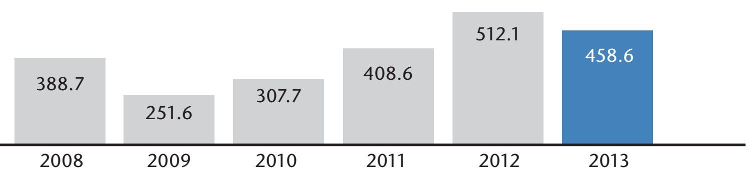
[1] based on average shares outstanding

[2] Return on capital employed = Income from operations after non-recurring items. divided by average capital employed.
Capital employed = Total shareholders´ equity + Bonds + Bank loans and overdrafts + Long-term loans + Finance lease obligations – Cash and cash equivalents

[3] proposed

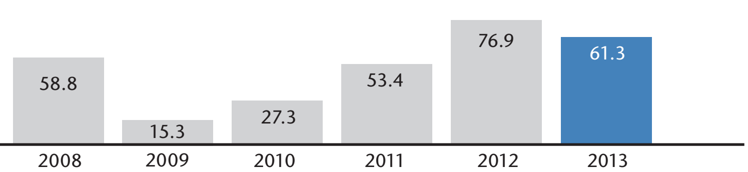
SALES

in MEUR



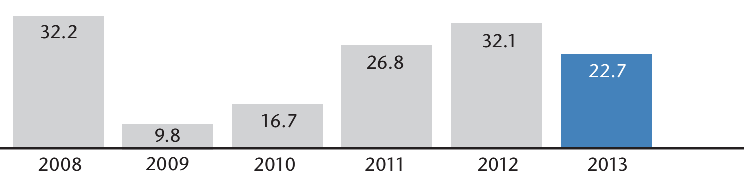
PROFIT AFTER TAX

in MEUR

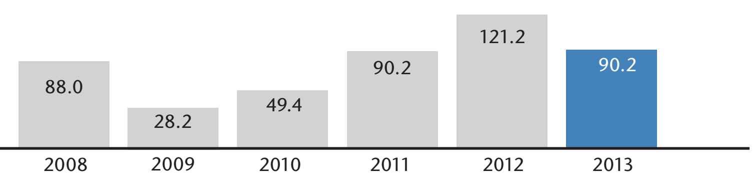


RETURN ON CAPITAL EMPLOYED

in Percent

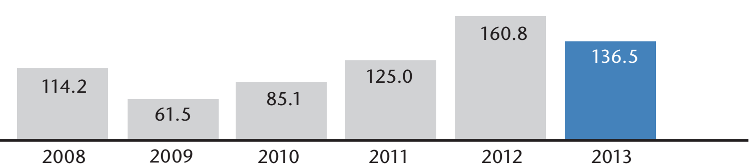


PROFIT FROM OPERATIONS



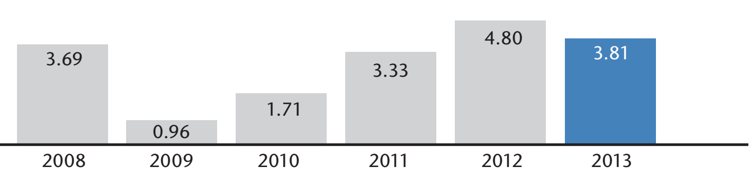
in MEUR

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION



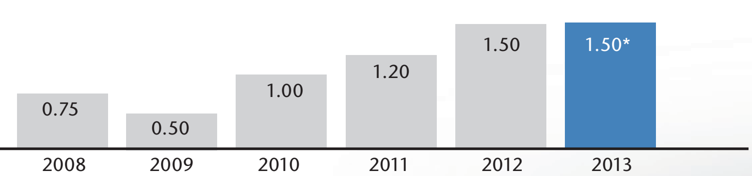
in MEUR

EARNINGS PER SHARE



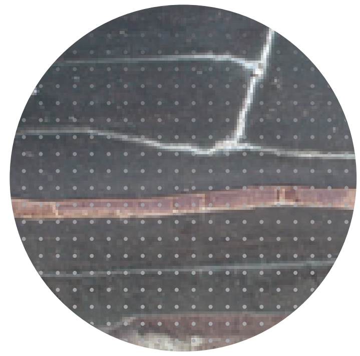
in EUR

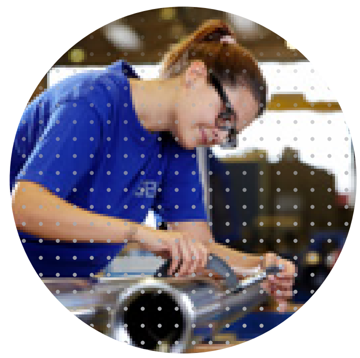
DIVIDEND PER SHARE

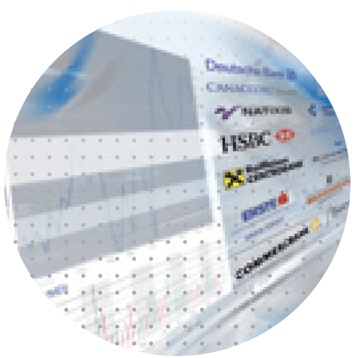


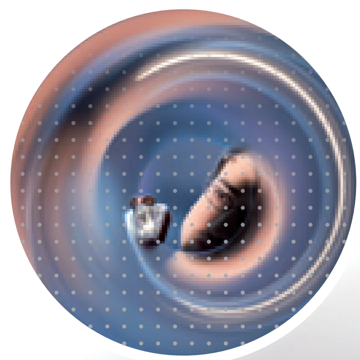
in EUR

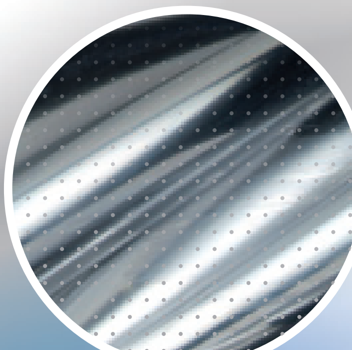
* proposed





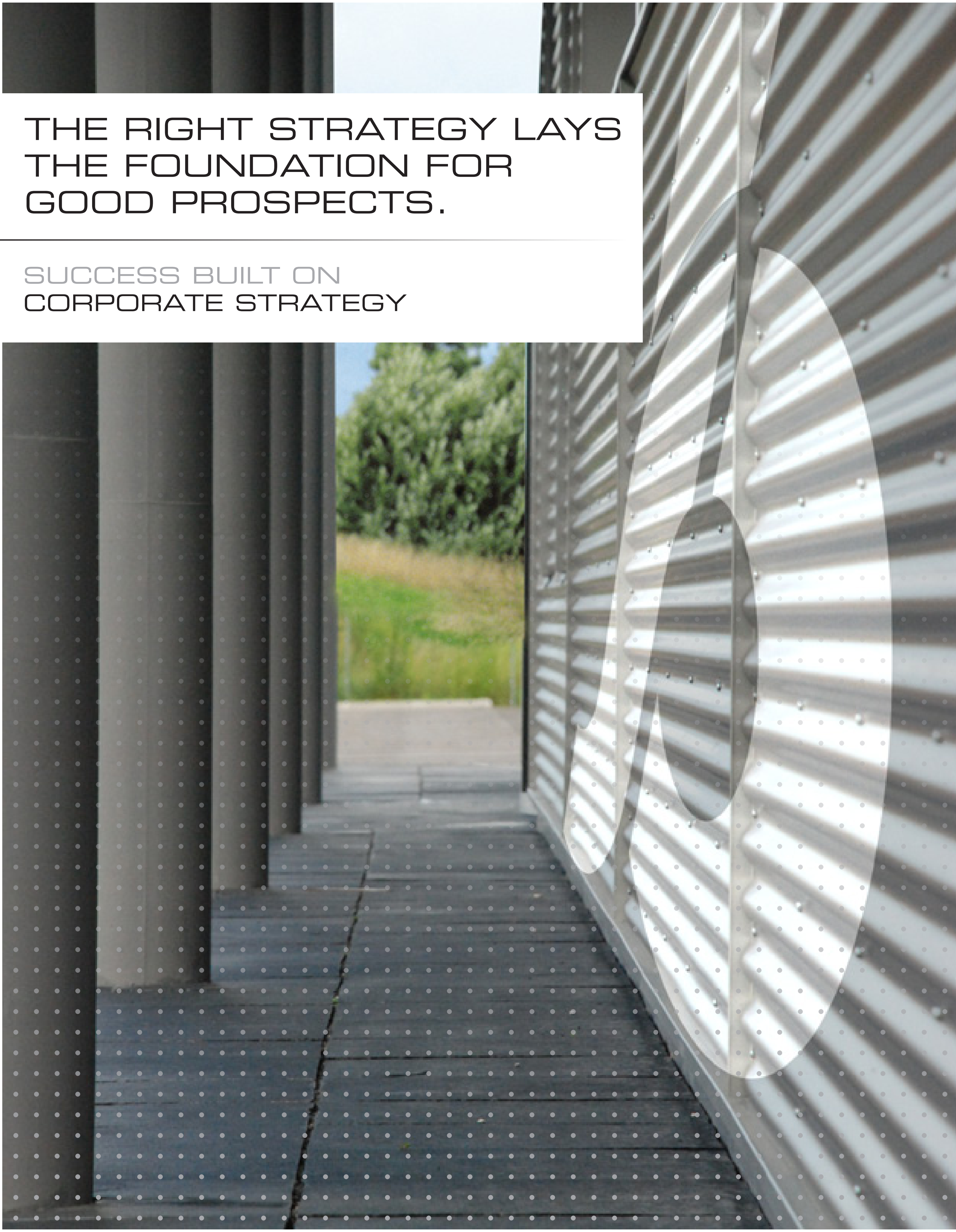

HSBC





THE RIGHT STRATEGY LAYS THE FOUNDATION FOR GOOD PROSPECTS.

SUCCESS BUILT ON CORPORATE STRATEGY



COMPANY PROFILE

Schoeller-Bleckmann Oilfield Equipment AG (SBO) is the global market leader in high-precision components for the oilfield service industry and a first-tier supplier of drilling motors, drilling tools and special tools for oil and gas drilling operations. The company's focus is on producing non-magnetic drillstring components for directional drilling which are used for applications such as shale, deepwater and ultra deepwater drilling.

Directional drilling is a technology applied to approach oil and gas fields that earlier on were difficult to access. The method is deployed for targeting hydrocarbon reservoirs and for continuous control, monitoring and adjustment of the drilling process, which makes drilling more efficient and increases recovery factors from oil and gas fields.

Directional drilling is one of the key technologies for economically efficient extraction of hydrocarbon reservoirs yet to be discovered and requires the use of high-tech precision equipment and tools. As a supplier of key components SBO contributes to covering the constantly rising global energy demand – and with it the demand for oil and gas – in the decades ahead.

One of SBO's core business segments is MWD/LWD high-precision components. These tools are installed inside the drillstring to support drillstring steering based on measurements taken during drilling, such as of inclination and azimuth (MWD) or petrophysical parameters (LWD).

Furthermore, SBO's core business comprises production and distribution of drilling motors and drilling tools as well as special tools for downhole circulation applications used in oil and gas drilling. With an extensive range of after-sales services, such as repair and maintenance, SBO completes its full-scale service offering to customers. The focus is on developing new high-tech repair technologies and application procedures to optimise product functionality and service life.

As a leader in terms of quality and technology Schoeller-Bleckmann Oilfield Equipment AG has set the industry benchmark over many years. SBO solves highly complex tasks and offers customised products. As a result, SBO is the market leader and counts the major oilfield service companies among its customers.

SBO is present at all major hubs of the oilfield service industry worldwide and follows its customers to support them as a partner when they move to new regions around the globe. Added value to customers is both the starting point and target of the business activities of Schoeller-Bleckmann Oilfield Equipment AG. The basis of SBO's lasting and successful business performance is the close interaction between leadership in technology, quality and innovation, market-oriented growth strategy, high productivity and flexibility as well as our long-term strategic investment policy.

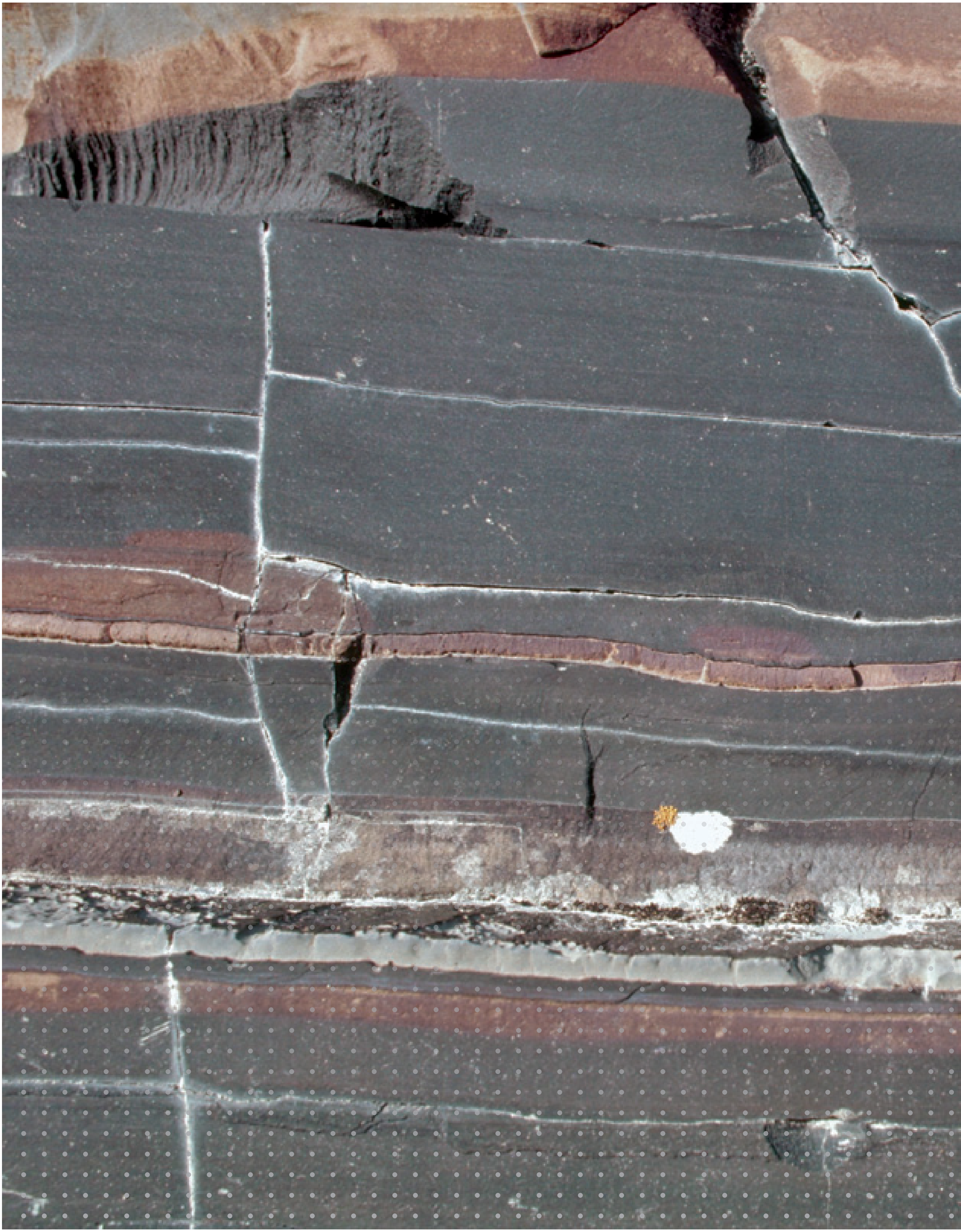
HIGHLIGHTS 2013

- Cautious spending policy pursued by customers
- Oilfield service industry environment remains intact
- SBO's capex program provides basis for mid-term demand growth

- Rise of global oil consumption despite weakening economic development
- Record operating cash-flow in Q2 2013

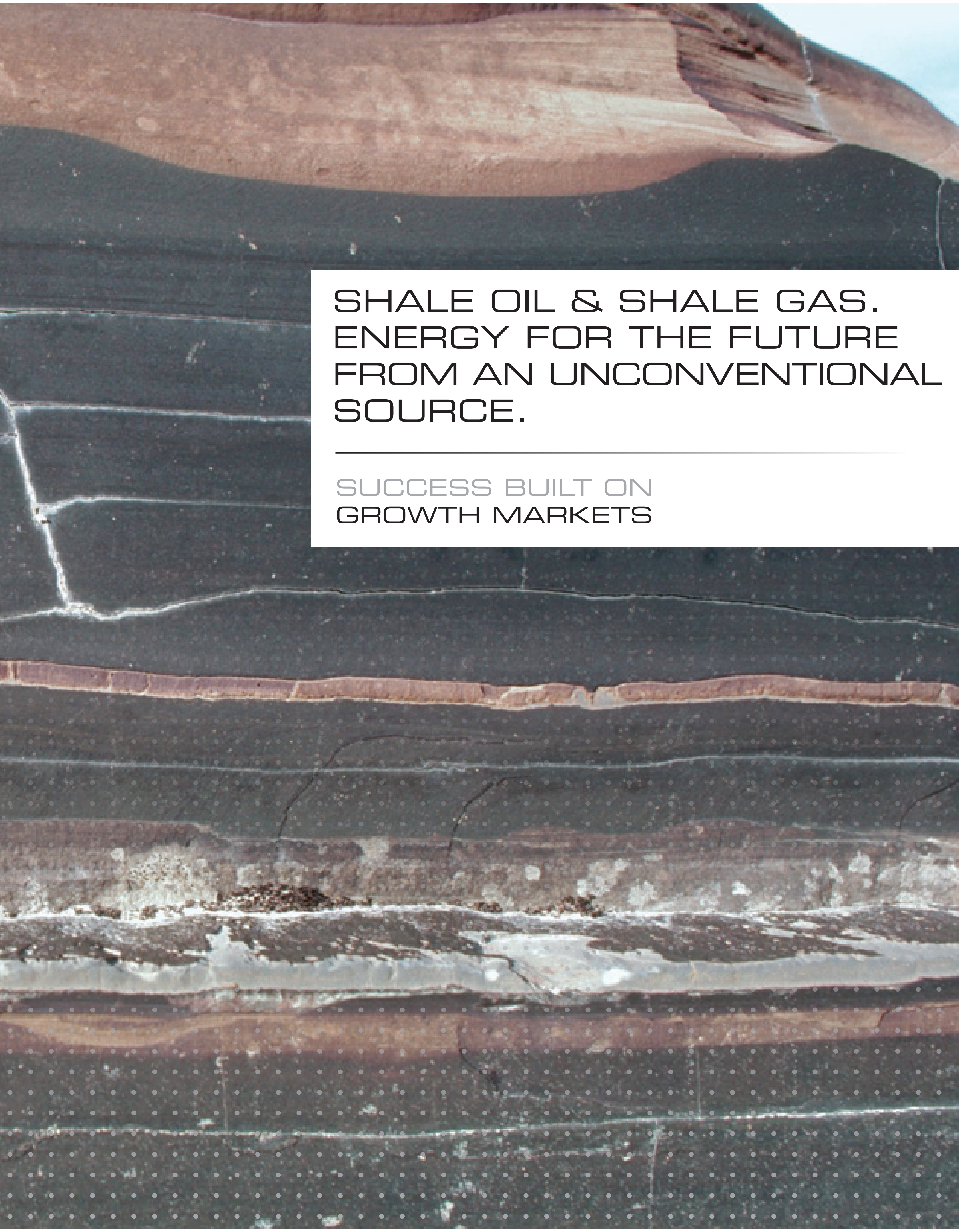
- Quarterly bookings above quarterly sales for the first time in 2013
- Profitability remains at high level
- SBO share reaches new all-time high

- Sustained sound business development
- SBO's subsidiary DSI concludes USD 15 mill. framework agreement with Petrobras



SHALE OIL & SHALE GAS. ENERGY FOR THE FUTURE FROM AN UNCONVENTIONAL SOURCE.

SUCCESS BUILT ON
GROWTH MARKETS



COMPANY PROFILE

NORTH AMERICA

Total Sales: MEUR 284.8 | Headcount: 607

Knust-SBO L.L.C.
Houston, TX/USA

Godwin-SBO L.L.C.
Houston, TX/USA

BICO Drilling Tools Inc.
Houston, TX/USA

BICO Faster Drilling Tools Inc.
Nisku, Canada

Schoeller-Bleckmann Energy Services L.L.C.
Broussard, LA/USA

Schoeller-Bleckmann Sales Co. L.L.C.
Houston, TX/USA

Schoeller-Bleckmann de Mexico, S.A. de C.V.
Monterrey, Mexico

EUROPE

Total Sales: MEUR 227.6 | Headcount: 740

Schoeller-Bleckmann Oilfield Technology GmbH
Ternitz, Austria

Darron Tool & Engineering Ltd.
Rotherham, UK

Schoeller-Bleckmann Darron (Aberdeen) Ltd.
Aberdeen, UK

Techman Engineering Ltd.
Chesterfield, UK

OTHERS

Total Sales: MEUR 62.3 | Headcount: 227

Schoeller-Bleckmann Oilfield Equipment Vietnam L.L.C.
Binh Duong, Vietnam

Schoeller-Bleckmann Darron Ltd.
Nojabrsk, Russia

Schoeller Bleckmann do Brasil, Ltda.
Macae, Brazil

Schoeller-Bleckmann Oilfield Equipment Middle East FZE
Dubai, U.A.E.

DSI FZE
Dubai, U.A.E.

SB Darron Pte. Ltd.
Singapore

Knust-SBO Far East Pte. Ltd.
Singapore

Non-operative holding companies are not shown. Headcount per 31 December 2013.
Total Sales 2013, not consolidated

STRONG COOPERATION IS THE CORNERSTONE OF SUCCESS.

SUCCESS BUILT ON LEADERSHIP

PREFACE OF THE EXECUTIVE BOARD

Dear shareholders and business partners,

Economic development in 2013 was slightly below the level seen in 2012, with the continued attractive growth rates of the oilfield service industry also lagging behind the previous years.

Against this background, Schoeller-Bleckmann Oilfield Equipment AG posted sound business results in fiscal 2013. Although, sales and profit increases as seen in the previous years could not be continued for the fourth time in a row, our profitability remained at a sustained high level and above the long-term average, as the EBITDA margin arrived at 29.8% and the EBIT margin at 19.7%.

In 2013, SBO was confronted with a decline in sales after several years of above-market revenue growth rates. This was due to the fact that our customers had been overly optimistic in 2012 concerning further industry development and had ordered more tools than actually needed. As a result, SBO posted record sales figures in 2012, whereas customer inventories started to build up. In addition, customers launched cost optimisation and efficiency enhancement programmes to extend the service life of tools, which in 2013 impacted primarily SBO's high-precision components, the company's largest division in terms of sales. This caution in placing new orders had made itself felt in our bookings even before the turn of 2012/13, and also in sales revenues generated in the following quarters of 2013.

„In 2013 SBO recorded sound business development. Profitability remained at a high level and above the long-term average.“

In the course of 2013 customers, as expected, started to reduce their inventories. After this period of consolidation, SBO again recorded bookings above quarterly sales in the third quarter of 2013. However, bookings remained at a modest level over the full year.

SBO was by no means surprised by this development, as the long-term growth tendency is often interrupted by short-lived cycles restricted to certain product groups, which is rather typical of the oilfield service industry. In the first half of 2013 SBO responded to the order decline by flexible adjustment of production capacities so as to adapt costs to the current situation. Furthermore, we were able to boost sales of products not affected by overordering. It was in particular the segment of downhole tools where SBO recorded above-average market performance, both in the drilling motor business of our US subsidiary BICO and of downhole tools of DSI, our globally operating subsidiary. Downhole tools will remain a strategic focus of future growth for SBO.

In fiscal 2013 SBO continued to consistently expand its leading technological position in all business segments. Apart from that, a new machining centre for non-magnetic oilfield service drillstring components is under construction at the Ternitz site and will be the world's most advanced facility of its kind. From 2014/15, it will ensure cost-efficient production meeting the highest possible quality standards.

There is no doubt that the oilfield service industry will achieve attractive growth rates in the medium and long run. All forecasts expect oil and gas to remain the prime energy source for decades. Up to this point, the industry has delivered technological innovations to tap into new reservoirs on economically acceptable terms. Globally exploitable oil reserves had recently climbed to an absolute record level, as they increased by a factor of two over the early 1980s.[1] The shale gas and shale oil boom in the US is just one aspect of those developments. Who would have thought only a decade ago that the US would turn from the world's largest crude importer, also heavily depending on gas imports, to a largely energy self-sufficient nation that even considers exporting gas? In global terms, exploitation of shale gas and shale oil reserves is only at the early stage of its cycle.

Continuous progress in directional drilling has made a decisive contribution to improved exploration of challenging hydrocarbon reserves. SBO is the world's leading supplier for this technology. Directional drilling will remain one of the key technologies to tap into both conventional and unconventional oil and gas fields. Apart from using this state-of-the art drilling method in increasingly complex offshore wells or horizontal drilling operations it also helps to combat rapidly declining production rates of existing oil fields.

The future has more challenges in store: Constantly rising oil and gas exploration costs will have to be curbed by increased efficiency all along the value chain. Another focus will be on more stringent security requirements for exploration and production. SBO will meet those challenges pro-actively and assert its leading position not only by permanently upgrading its own technologies and production methods, but also by launching new developments. Acquisition of cutting-edge technology providers is another potential strategic component to support further growth.

[1] U.S. Energy Information Administration, Crude Oil Proved Reserves

„With its focus on strategic areas of growth (downhole tools) and capacity expansions (Ternitz/Austria site) SBO consistently worked at reinforcing its leading position.“

SBO's strong equity base, low debt and highly motivated workforce are the foundation for meeting all requirements to achieve these targets. We are operating in an attractive growth market. SBO has been, and will be, a growth-oriented company even if short-lived cycles may from time to time trigger declines in sales and profit, as seen in 2013.

At this point we would like to thank our employees, our customers and shareholders for their cooperation and the trust placed in our company in the past financial year 2013.

The Executive Board, March 2014

Gerald Grohmann
Chief Executive Officer

Franz Gritsch
Member of the Executive Board

ONLY FIRST-CLASS EMPLOYEES DELIVER FIRST-CLASS RESULTS.

SUCCESS BUILT ON
PROFESSIONAL EXCELLENCE

HUMAN RESOURCES

Following several years of continuous increases, the number of employees in fiscal 2013 went down slightly by a total of 1.1% worldwide, from 1591 at the end of 2012 to 1574 at the end of 2013. SBO's sites in Ternitz/ Austria and North America (including Mexico) were equally affected by this development.

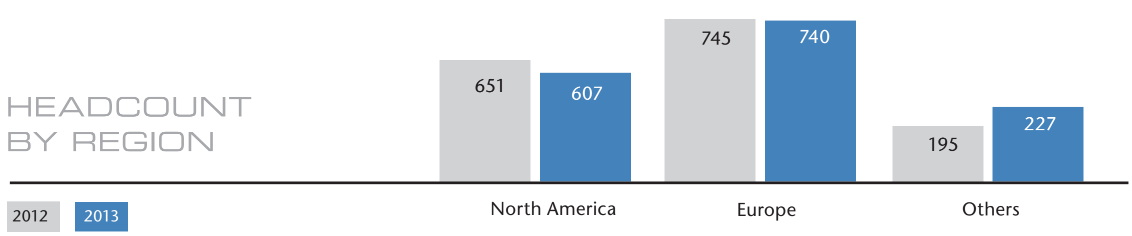
The slight decline in numbers was due first of all to the lower business volume in the first two quarters of 2013 compared to last year. The headcount was adjusted to business activity, concerning mainly the sites in Houston/Texas and Ternitz/Austria.

In the third quarter SBO's headcount started to rise again. More personnel was recruited at drilling motor subsidiary BICO, in Asia and at the site in Ternitz/Austria where apprentices were taken on.

Overall, SBO hired 17 apprentices in 2013, bringing the total number of apprentices undergoing training at Schoeller-Bleckmann Oilfield Equipment AG to 66. SBO is permanently investing in training young people so as to cover demand for highly qualified skilled workers. The training centre for apprentices is where young workers can acquire expert skills to become, for instance, skilled metalworkers. Many trainees stay with the company when they have passed their final examinations to become skilled workers. This is how SBO invests both in training new skilled employees and, at the same time, in the future development of the company, as its business success is largely based on the high technical expertise of employees.

In order to maintain the high level of know-how, SBO offered a large number of further training courses and activities aimed at improving employees' skills and capabilities or specialising in a certain field of expertise also in 2013.

Their skills, long-standing experience and strong quality awareness have made a major contribution to maintaining and even improving the high service and quality level of SBO. The combination with basic and further training activities ensures that Schoeller-Bleckmann Oilfield Equipment AG is perfectly prepared to meet constantly rising customer requirements.



EFFECTIVE CORPORATE STRATEGY DRIVES STRONG SHARE PERFORMANCE.

SUCCESS BUILT ON INVESTOR RELATIONS

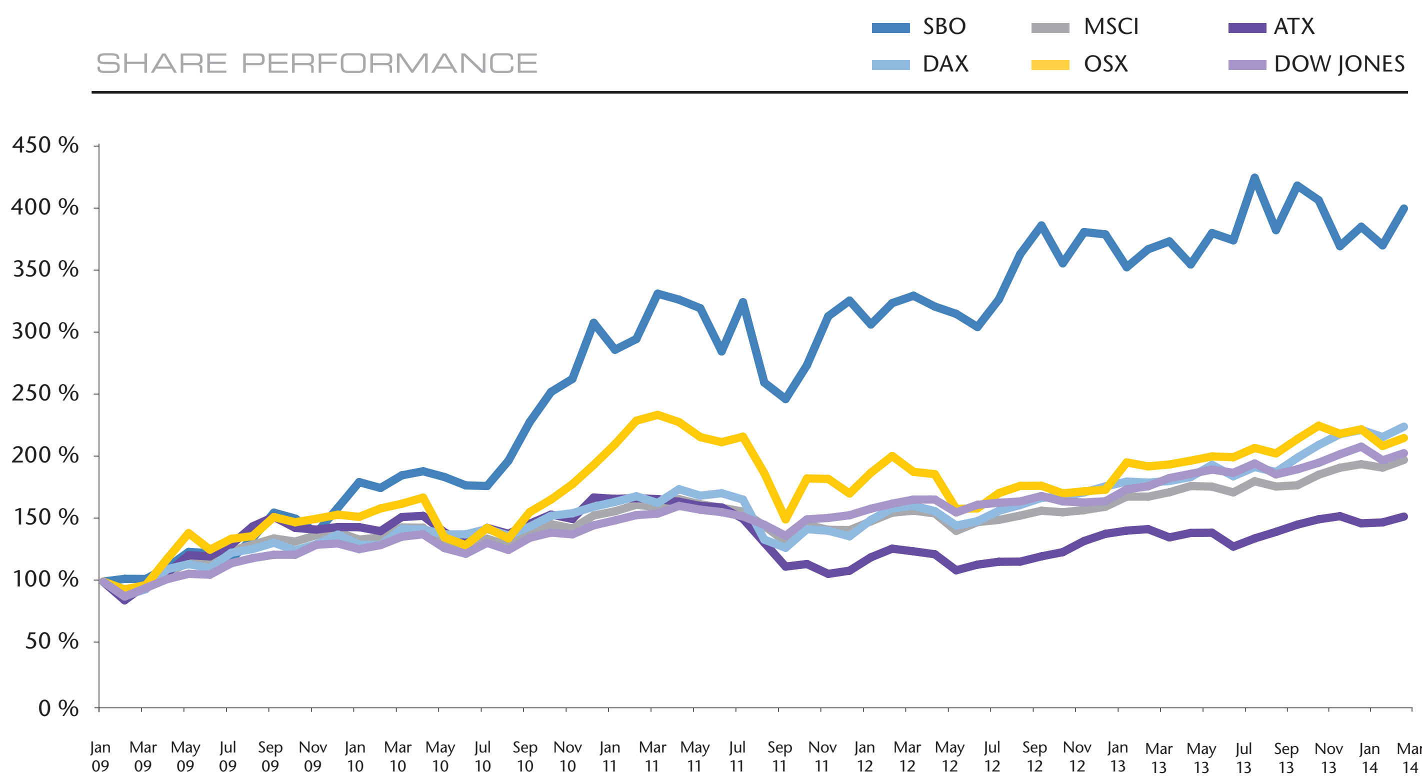
„In 2013 the SBO share reached its new all-time high of EUR 90.00."

THE SBO SHARE

The SBO share is quoted on the prime market of the Vienna Stock Exchange and listed in the Austrian ATX blue-chip index. On 2 January 2013, SBO started into the trading year at EUR 80.75 per share. The annual low was EUR 70.53 per share on 5 December 2013, and the annual high of the SBO share was recorded on 29 July 2013, at EUR 90.00 per share, representing also the new all-time high. On 30 December 2013 the SBO share arrived at EUR 80.56, the same level as seen at the beginning of the year (-0.24%). Trading volumes came to roughly 30,000 shares per day. In 2013, Vienna's ATX blue-chip index posted an increase of 2.80%, from 2476.24 points at the beginning of the year to 2546.54 points as at 30 December 2013. The SBO share thus remained slightly behind the overall ATX development.

As in the years before, private and institutional investors were given an opportunity to find out more about the company at various events held in 2013 to live up to the principles of transparent management and corporate communication. In the year under review, SBO attended 43 road shows and conferences both in

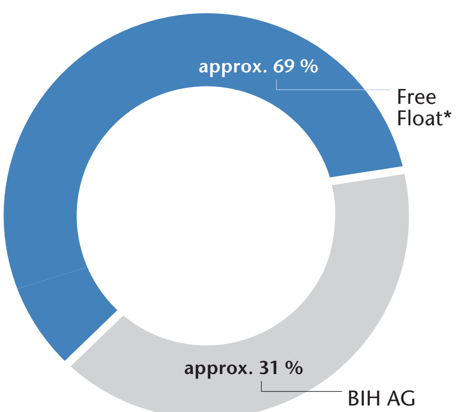
SHARE PERFORMANCE



Austria and abroad. The Executive Board and Investor Relations team presented the company to national and international investors, in Boston, Brussels, Chicago, Edinburgh, Frankfurt, Geneva, Copenhagen, London, New York, Paris, San Francisco, Stegersbach, Stockholm, Ternitz, Toronto, Warsaw, Vienna, Zürs and Zurich.

In 2013 the focus was on further broadening the investor base in geographical terms. Again, North American and Northern European institutional investors were attracted to invest in SBO. This was also the result of the company's efforts made over the past years to gain a foothold in those regions through active Investor Relations work. Meanwhile, according to information available to SBO, more than 50% of the free-float share capital of SBO is held by Anglo-American institutional investors.

SHAREHOLDER STRUCTURE 31 DECEMBER 2013



* thereof more than 4%: EARNEST Partners, LLC; Massachusetts Mutual Life Insurance Company; Oppenheimer International Growth Fund

FINANCIAL CALENDAR 2014

23 April 2014	Annual Shareholders's Meeting
8 May 2014	Ex-day, dividend distribution

PUBLICATIONS:

21 May 2014	1st Quarter 2014
20 August 2014	2nd Quarter 2014
19 November 2014	3rd Quarter 2014

Analysts of Baader Bank, Berenberg Bank, Deutsche Bank, Commerzbank, Erste Bank, Raiffeisen Centrobank, Goldman Sachs, Hauck & Aufhäuser, HSBC and Natixis regularly covered Schoeller-Bleckmann Oilfield Equipment AG. Moreover, Kepler Cheuvreux, Canaccord Genuity and Baden Hill started their regular analysis of SBO in 2013, which makes SBO's periodic coverage by 13 analysts rank among the leading ATX-listed companies.

The latest information about the company and all publications of SBO are available on the company website at www.sbo.at.

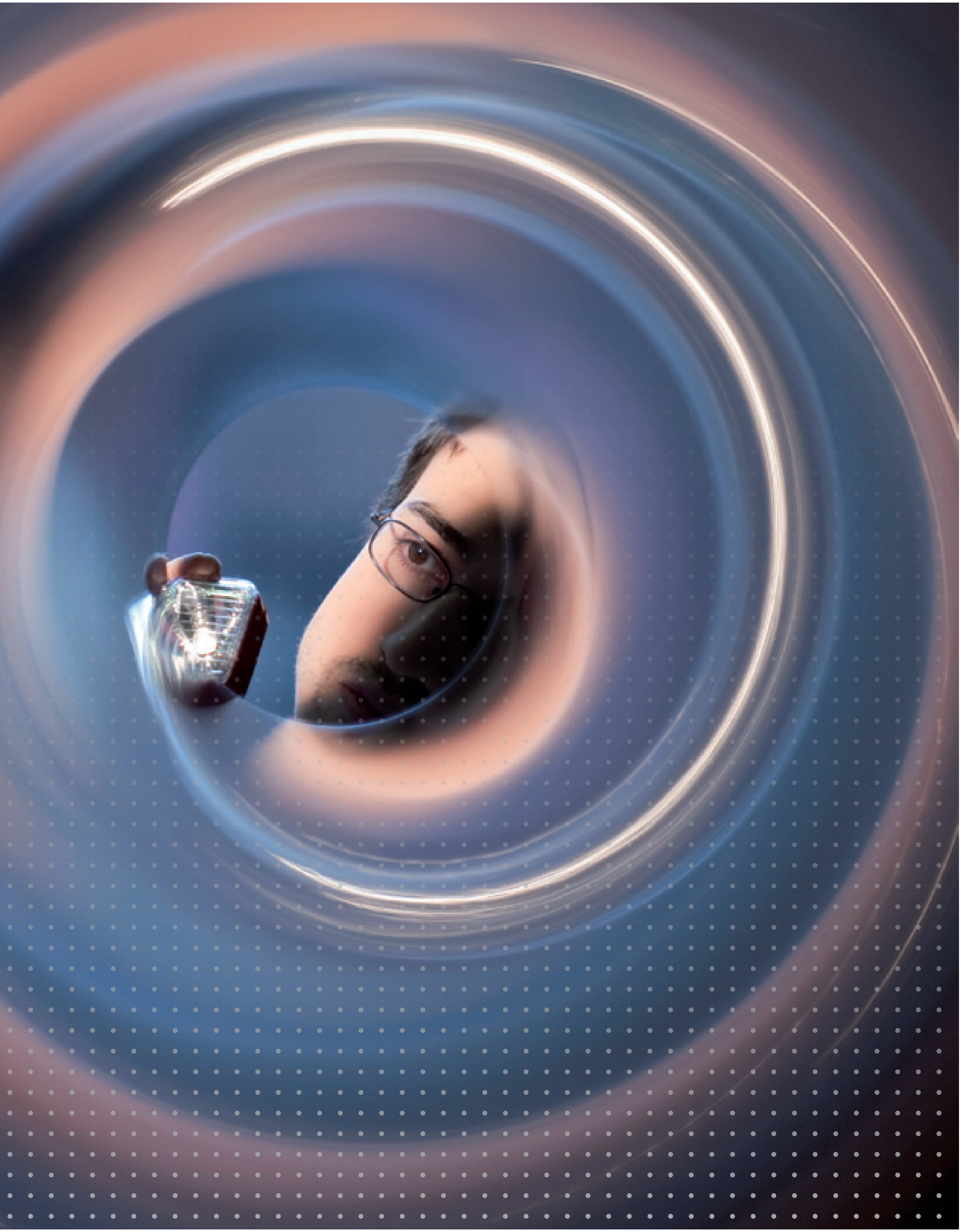
KEY SHARE FIGURES

	2013	2012
Share capital (in EUR)	**15,912,239**	15,960,116
Number of shares	**15,912,239**	15,960,116
Average daily trading volume[1]	**29,850**	38,262
Closing rate at year-end (in EUR)	**80.56**	79.29
High/low (in EUR)	**90.00/70.53**	83.15/59.05
Market capitalisation at year-end (in EUR)	**1,281,889,974**	1,265,477,598
Earnings per share (in EUR)	**3.81**	4.80
Price-earnings ratio at year-end	**21.14**	16.52
Dividend per share (in EUR)	**1.50**[2]	1.50

[1] Double counting
[2] Proposed

A CLEAR VISION FOR QUALITY.

SUCCESS BUILT ON
STRONG CUSTOMER FOCUS



CORPORATE GOVERNANCE REPORT

Schoeller-Bleckmann Oilfield Equipment AG (SBO) has committed itself to comply with the Austrian Corporate Governance Code since 2005 and has consistently implemented its rules. The Austrian Corporate Governance Code is a set of rules meeting international standards for responsible management and governance of companies. By observing the Austrian Corporate Governance Code, SBO makes a contribution to strengthen trust in Austrian companies and the Austrian capital market.

The Austrian Corporate Governance Code is accessible at the website of the Austrian Working Group for Corporate Governance on www.corporate-governance.at

In January 2012, several rules of the Austrian Corporate Governance Code were amended. This version of the Code was amended in July 2012 to reflect the provisions of the 2. Stability Act (2. Stabilitätsgesetz). SBO complies with the Code as amended in July 2012. The rules of the Code are subdivided into three categories:

First: L-Rules (Legal Requirements). They describe mandatory legal requirements that must be complied with by law.

Second: C-Rules (Comply or Explain) – this category contains customary international provisions; non-compliance must be explained.

The third category, the R-Rules (Recommendation) is of recommendatory nature. Non-compliance does not have to be disclosed nor explained.

SBO complies with all mandatory legal provisions (L-Rules).

Explain
SBO largely complies with the C-Rules. Deviations are explained as follows:

Rule 41
In line with the Austrian Corporate Governance Code, the function of the Nomination Committee is exercised by the Remuneration Committee.

The Executive Board

The rules of procedure for the Executive Board govern the composition and working method of the Executive Board, cooperation of the Executive Board and the Supervisory Board, procedures and the approach to conflict of interests, information and reporting duties of the Executive Board and decisions requiring approval of the Supervisory Board applying to significant transactions of the major subsidiaries. Generally, the Executive Board holds at least weekly meetings for mutual information and decision-making.

In 2013, the Executive Board was composed of two members:

	Year of birth	Date of first appointment	End of current term of office
Gerald Grohmann Chairman	1953	3.10.2001	31.12.2015
Franz Gritsch	1953	1.12.1997	31.12.2015

In the fiscal year 2013, the members of the Executive Board did not hold any group-external Supervisory Board mandates.

Distribution of responsibilities

Distribution of responsibilities and cooperation of the members of the Executive Board are governed by the rules of procedure of the Executive Board. The Executive Board has not set up any committees. The areas of responsibility held by the members of the Executive Board have been laid down by the Supervisory Board as follows, notwithstanding the collective responsibility of the Executive Board:

Gerald Grohmann	Strategy, marketing, technology and public relations
Franz Gritsch	Finance and accounting, human resources and legal matters

Compensation for the members of the Executive Board and outline of the Executive Board remuneration system

The remuneration system for the Executive Board takes into account both the situation in the market and a performance-related component. Remuneration consists of fixed and variable components. Variable components are always paid in the following year, as achievement of objectives can be determined only at the end of the year. Variable components are performance-related and depend on the degree to which the objects defined for the business year have been achieved.

Pursuant to the employment agreements of the Executive Board members the variable remuneration component is limited to 65% of the total remuneration.

Variable components are subject to individual provisions. They are composed of the following elements: Development of long-term corporate growth, profit, cash-flow, equity and fixed capital. Fulfilment of these performance criteria can be determined based on the financial statements or depends on the occurrence or non-occurrence of the respective event.

No stock option programme or stock transfer programme is in place for the members of the Executive Board of SBO or the executive board members or managing directors of its subsidiaries, in particular no programme within the meaning of Rule 28 is in place.

The rules for severance payments follow the legal requirements. No future burdens related to pension fund contributions or any other entitlements of the members of the Executive Board arise to the company after termination of their employment contracts.

All members of the Executive Board are covered by a D & O (Directors & Officers) insurance taken out by, and at the expense of, SBO.

For the fiscal year 2013 the following remuneration was paid:

	Fixed remuneration in TEUR	**Variable remuneration in TEUR**	**Total in TEUR**
Gerald Grohmann	439	626	1,065
Franz Gritsch	356	483	839

The Supervisory Board

In 2013, the Supervisory Board consisted of five members:

	Year of birth	Date of first appointment	End of current term of office*
Mag. Norbert Zimmermann Chairman	1947	10.04.1995	2017
Dr. Peter Pichler Deputy chairman	1958	10.04.1995	2018**
Mag. DI Helmut Langanger	1950	29.04.2003	2017
Karl Samstag	1944	24.10.2005	2017
Dr. Karl Schleinzer	1946	24.05.1995	2017

*According to the articles of association each year one member of the Supervisory Board withdraws from the Supervisory Board with the end of the Annual General Meeting. The withdrawing member can immediately be reelected.
** At the Annual General Meeting 2013, Dr Peter Pichler was reelected as member of the Supervisory Board.

According to C-Rule 54 in combination with the guidelines set forth by the Supervisory Board members on the independence of Supervisory Board members, Mag. DI Helmut Langanger and Karl Samstag are representing the minority shareholders in the Supervisory Board.

Other seats in supervisory boards or comparable functions in Austrian or foreign listed companies, if applicable, have been disclosed:

	Company	Function
Mag. Norbert Zimmermann Chairman	OMV AG Oberbank AG	Supervisory board member Supervisory board member
Dr. Peter Pichler Deputy chairman	-----	
Mag. DI Helmut Langanger	Enquest plc SERINUS ENERGY INC	Supervisory board member Supervisory board member
Karl Samstag	PORR AG Oberbank AG BKS Bank AG Bank für Tirol und Vorarlberg AG	Supervisory board member Supervisory board member Supervisory board member Supervisory board member
Dr. Karl Schleinzer	-----	

Working method of the Supervisory Board

In exercising its functions, in particular monitoring and strategic support of the Executive Board, the Supervisory Board discusses the situation and targets of the company and takes decisions.

The rules of procedure for the Supervisory Board govern in detail the composition, working method and tasks of the Supervisory Board, procedures and the approach to conflicts of interests and all committees (Audit Committee, Nomination and Remuneration Committee) and their responsibilities.

The Supervisory Board held five meetings in the period under review. Moreover, the Supervisory Board held meetings with the Executive Board on management matters.

All members of the Supervisory Board personally attended more than half of the meetings of the Supervisory Board in the period under review.

Committees

The Supervisory Board appoints the members of the Audit Committee and the Nomination and Remuneration Committee from among its members.

No separate Strategy Committee has been set up; such matters are dealt with by the Supervisory Board collectively.

The committees are elected for the terms of office of their members. Each committee elects a chairman and deputy-chairman from among its members.

Audit Committee

The Audit Committee is responsible for auditing and preparing the approval of the annual financial statements, the proposal on the disbursement of profits, and the management report. The Audit Committee also audits the consolidated financial statements and submits a proposal for selecting the independent auditor and reports on this to the Supervisory Board.

Members: Mag. Norbert Zimmermann (Chairman)
Dr. Peter Pichler
Karl Samstag

In the year under review, the Audit Committee held two meetings, in which, in particular, issues concerning the financial statements, the internal control system and risk management were discussed.

An independent auditor made an assessment of the effectiveness of the company's risk management. The auditor's report on such assessment was discussed by the Audit Committee.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee deals with matters relating to the remuneration of the members of the Executive Board and the terms and conditions of employment contracts concluded with members of the Executive Board. Furthermore, it submits to the Supervisory Board proposals to fill vacant positions in the Executive Board and deals with issues of succession planning.

Members: Mag. Norbert Zimmermann (Chairman)
Dr. Peter Pichler
Dr. Karl Schleinzer

In the year under review, the Nomination and Remuneration Committee held one meeting.

Independence

In relation to the independence of Supervisory Board members in accordance with C-Rule 53, the Supervisory Board complies with the guidelines set forth in the Corporate Governance Code, Annex 1. According to the guidelines, the following members of the Supervisory Board qualify as independent:

Mag. DI Helmut Langanger
Karl Samstag
Dr. Karl Schleinzer

The scope of services provided for the company as its legal counsel by Supervisory Board member Dr. Schleinzer in 2013 is not deemed significant pursuant to Annex 1 of the Corporate Governance Code (for details see Notes to the Consolidated Financial Statements).

Members Mag. Norbert Zimmermann and Dr. Peter Pichler represent the interests of Berndorf Industrie Holding AG, which holds a share of approximately 31% in the company.

In the past year, no agreements requiring approval were in effect with members of the Supervisory Board or companies in which a member of the Supervisory Board held a considerable economic interest.

Remuneration of the Supervisory Board

The remuneration for the members of the Supervisory Board for the fiscal year 2012 was approved at the Annual General Meeting 2013. The remuneration comprises of a fixed and a variable portion, which is determined as a percentage share of the group income for the fiscal year 2012 after tax. The remuneration for the members of the Supervisory Board for the fiscal year 2013 will be subject to an applicable resolution at the Annual General Meeting 2014.

For the fiscal year 2012 the following remuneration was resolved and paid:

	Fixed remuneration in EUR	Variable remuneration in EUR	Total in EUR
Mag. Norbert Zimmermann	9,000	19,061	28,061
Dr. Peter Pichler	6,000	19,061	25,061
Mag. DI Helmut Langanger	6,000	19,061	25,061
Karl Samstag	6,000	19,061	25,061
Dr. Karl Schleinzer	6,000	19,061	25,061

No loans or advances were paid to the members of the Supervisory Board.

All members of the Supervisory Board are covered by a D & O (Directors & Officers) insurance taken out by, and at the expense of, SBO.

Measures taken to promote women to the Executive Board, the Supervisory Board and to top management positions

It is of highest importance for SBO to strictly treat sexes equally both in the recruitment process and in all areas of the employment relationship even without an explicit “women’s quota” or measures explicitly designated as “measures to promote women”.

SECURITY OF ENERGY SUPPLY AS THE BASIS FOR ECONOMIC GROWTH.

SUCCESS BUILT ON SUSTAINABLE BUSINESS MANAGEMENT

SUSTAINABILITY REPORT

As a future-oriented technology provider, Schoeller-Bleckmann Oilfield Equipment AG (SBO) has actively pursued the principles of sustainable business operations for many years. Adopting a responsible attitude to the environment, in dealing with our employees, customers and suppliers and assuming responsibility towards society as a major industrial enterprise has become daily practice at SBO.

In serving the oilfield service industry SBO also defines itself as a company contributing to global energy supply.

Economic aspects

Competitiveness in the framework of sustainability

The world's hunger for energy is growing constantly. According to the International Energy Agency, global demand for energy from 2011 to 2035 will rise by 43%, or 1.5% p.a.[1]. At the same time, the world population is expected to grow by 1.8 billion, representing an annual increase of approx. 1%. The largest part of this growth (around 85%) will take place in the still less developed countries of the world, which are the driving force of constantly rising energy demand.

Oil and gas will remain key energy sources, as these fossil fuels will continue to account for more than 50% of the energy supply in the next decades.

Whereas, however, demand for energy – and with it for oil and gas – is growing all over the world, development of future reservoirs is becoming more and more challenging, as most of the easily accessible fields located just several hundred metres below the surface have already been largely exploited. Covering future demand for oil will require to tap resources that are more difficult - and more expensive - to explore and produce. Developing such oil and gas fields involves increasingly complex technologies. Directional drilling is applied to develop reservoirs located at distances three to four times longer than 30 years ago. This technology is also used to reduce the environmental impact in drilling regions, as directional drilling often means drilling

[1] IEA, WEO 2013: Current Policy Scenario

only one well instead of a large number of vertical wells to produce the same quantities of oil. As a result, the environmentally relevant footprint per each barrel of oil produced can be lowered considerably. By specialising in directional drilling SBO has made a major contribution to the sustainable reduction of the environmental impact involved in the global supply of energy.

Constantly growing technological complexity in oil and gas drilling has been, and will be, the engine of growth for Schoeller-Bleckmann Oilfield Equipment AG in the coming years. This is how SBO makes a contribution to securing global energy supply and thus to economic prosperity, peace and welfare.

Growth strategy

SBO pursues a strategy of medium to long-term growth which rests on three pillars. It allows SBO to respond to changes promptly.

Apart from organic growth SBO focuses on developing and launching new products and technologies and on acquisitions in strategically fitting business sectors. Growth is implemented, for instance, by acquiring attractive niche players and building new sites, as well as through capacity expansions at existing sites, as exemplified by the expansion of the production site in Ternitz/Austria started in 2012. This new machining centre for non-magnetic oilfield service drillstring components in Ternitz will ensure cost-efficient production meeting the highest possible quality standards.

Use of profits

The company uses its profits mainly for financing and implementing the corporate strategy: As an example, SBO invests in expanding capacities, in research and development as well as acquisitions in strategically fitting sectors.

In the past years SBO established four new sites, all of which in the emerging markets (Vietnam, Singapore, Brazil, Mexico). Those sites constitute an addition to our existing production facilities. In the process, no jobs have been relocated from industrialised countries to the emerging markets.

Furthermore, profits are spent for the distribution of the annual dividend, which is composed of a basic dividend and a bonus dividend based on the annual profit. SBO seeks to keep the basic dividend at a constant level even in economically weaker cycle phases.

Environmental responsibility

Operational aspects of environmental protection

Across the group, SBO's products are manufactured as required by environmentally responsible and cost-conscious operations securing efficient use of funds.

Consequently, corporate environmental management concentrates on optimised and efficient energy and power consumption as well as waste minimisation and state-of-the-art waste disposal. In production, neither hazardous air and water pollution nor greenhouse gas emissions are generated. The volume of waste water produced in manufacturing is low as water is handled with great care and efficiency.

In order to prevent specific and general risks – and to respond appropriately to emergencies – response plans have been prepared at all levels and in all subsidiaries. Austrian subsidiary SBOT, for instance, has detailed contingency plans for pollution control and fire fighting in place.

Product-related aspects of environmental protection

Delivery of materials

SBO's products are made from stainless steel. Due to long-term cooperation with an exclusive steel supplier both parties have increased their efficiency performance in production and delivery. By way of example, large parts of raw material deliveries in Austria have been shifted from road to rail transport.

Production

Production takes place with utmost efficiency, which is a basic economic requirement to keep costs of raw materials as low as possible.

Deliveries to customers

Deliveries to SBO's globally operating customers are usually made by truck and ship, but in urgent exceptional cases also by air freight.

SBO's products are used in the oilfield service industry.

Disposal and recycling

In the group, great importance is attached to the management of production waste which, as valuable raw material, is recycled for further use in steel production. Sustainable research and improvement programmes are in place to ensure reduction of waste volumes and higher recyclability.

Corporate social responsibility

Employee-related aspects

It is the production of high-tech components where the skills and capabilities of employees are crucial for a company's success. Operating the highly complex machines of SBO calls for perfectly trained professionals. Particularly great value is attached to safe work places. This is the reason why the number of accidents at work is very low at SBO.

Additionally, SBO pays much attention to performance-related remuneration and offers appropriate health promotion programmes to employees.

Safety

SBO places special emphasis on safety at work. As a result, a large number of activities help to ensure safety at work, such as first-aid and safety-related training courses. All operating subsidiaries have established guidelines to cover these issues. The minimum standards to be fulfilled are based on OHSAS (Occupational Health and Safety Assessment Series) requirements.

Across the group, the lost time injury rate (LTIR) over recent years was constantly less than 0.3% of paid production hours.

Health

Health and safety measures at SBO's operating subsidiaries are based on OHSAS standards as minimum requirements. Each company is free to take further measures.

Sites of a certain size, such as the site in Ternitz/Austria and larger US subsidiaries, employ a company doctor. Regular initiatives, such as vaccinations to protect employees from the flu and tick bites provide additional health offers for employees.

Basic and further training

SBO offers interesting career opportunities in a performance-oriented environment.

On recruitment, all employees undergo in-depth initial training.

In order to constantly improve employees' skills and capabilities and allow them to specialise in their field of expertise, SBO offers further training courses and conducts a large number of further education and training programmes across the company. Moreover, SBO selectively supports employees in embarking on post-graduate studies.

At the Austrian site in Ternitz, SBO has lived up to its responsibility as one of the key employers in the region for many years, with a workforce of 435 as at 31 December 2013. In 2013 11 new apprentices were hired in Austria. Globally a total of 66 apprentices received training at SBO at the turn of 2013/2014. Many of them - as some apprentices before – will subsequently be offered employment as skilled workers by SBO.

Employee motivation

SBO's corporate culture is characterised by the strong identification of employees with the company and its products.

The excellent reputation products of Schoeller-Bleckmann enjoy all over the world is largely due to the commitment of its workforce who know no compromise in terms of quality even in times of above-average capacity utilisation. In addition to their regular pays, employees receive a bonus payment at the end of the year that depends on the profit generated by the company. Furthermore, the management of subsidiaries may acquire shares in the company and thus participate financially in its success. These measures help to increase employees' personal identification with the company and serve as an important contribution to keep employee fluctuation as low as possible.

SBO's management and works council pursue a professional approach in their cooperation.

SBO rigorously complies with local requirements concerning minimum wages at all sites worldwide.

Recruiting new employees

Global apprentice training programmes and cooperation schemes with colleges in the US and Austrian universities help SBO to select, train and hire the best candidates.

Employees with disabilities

SBO assumes its responsibility towards society and counts people with disabilities among its employees.

Responsibility towards customers, suppliers and society

Customers

Schoeller-Bleckmann Oilfield Equipment AG solves highly complex tasks for customers and, as a leader in terms of quality and technology, has set the industry benchmark for many years. As a result, SBO counts the major oilfield service companies among its customers and has established itself as market leader.

Suppliers

SBO maintains a close and long-standing business relationship with its exclusive steel supplier for non-magnetic steels. See also section “Product-related aspects of environmental protection”.

Corporate social responsibility

With its wage, salary and tax payments SBO contributes to the economic strength of the region. SBO also supports and promotes regional social projects.

With its business operations, SBO also makes a contribution to the security of global oil and gas supplies.

Ethics code of SBO

Trust is the fundamental basis of good relationships – this applies to SBO’s relations with employees, customers, suppliers and the capital market.

In order to create the foundation of this approach, SBO is committed to integrity and honesty and acts accordingly. SBO promotes an environment of openness and trust.

Compliance with its “Business Ethics Policy” is indispensable for Schoeller-Bleckmann Oilfield Equipment AG, as the company aims to preserve its corporate values. On recruitment, employees pledge to adhere to these values.

Unfair business practices, such as illegal price fixing, bribery or other unfair trade practices are strictly prohibited at SBO. Non-compliance with these principles has never occurred, if so, would be punished without exception.

Human rights

SBO is committed to the protection of human rights, equal treatment of men and women and strictly rejects any kind of discrimination on grounds of ethnic or religious background, sex, age or sexual orientation.

Prohibition of child labour

SBO fully complies with the prohibition of child labour at all sites.

Corporate governance

Executive Board:	Ing. Gerald Grohmann (Chief Executive Officer) Mag. Franz Gritsch (Chief Financial Officer)
Supervisory Board:	Mag. Norbert Zimmermann (Chairman; first appointed in 1995) Dr. Peter Pichler (Deputy Chairman; first appointed in 1995) Mag. DI Helmut Langanger (first appointed in 2003) Karl Samstag (first appointed in 2005) Dr. Karl Schleinzer (first appointed in 1995)

Every year, one member of the Supervisory Board resigns from office at the end of the Annual General Meeting. The resigning member is eligible for immediate re-election. The term of office of the members of the Supervisory Board lasts until 2017, that of Dr. Peter Pichler until 2018.

The Supervisory Board of SBO maintains a Nomination and Remuneration Committee as well as an Audit Committee.

More details on SBO's compliance with the Austrian Corporate Governance Code are available from the current Corporate Governance Report of the company, which can be also downloaded from the company's website at www.sbo.at.

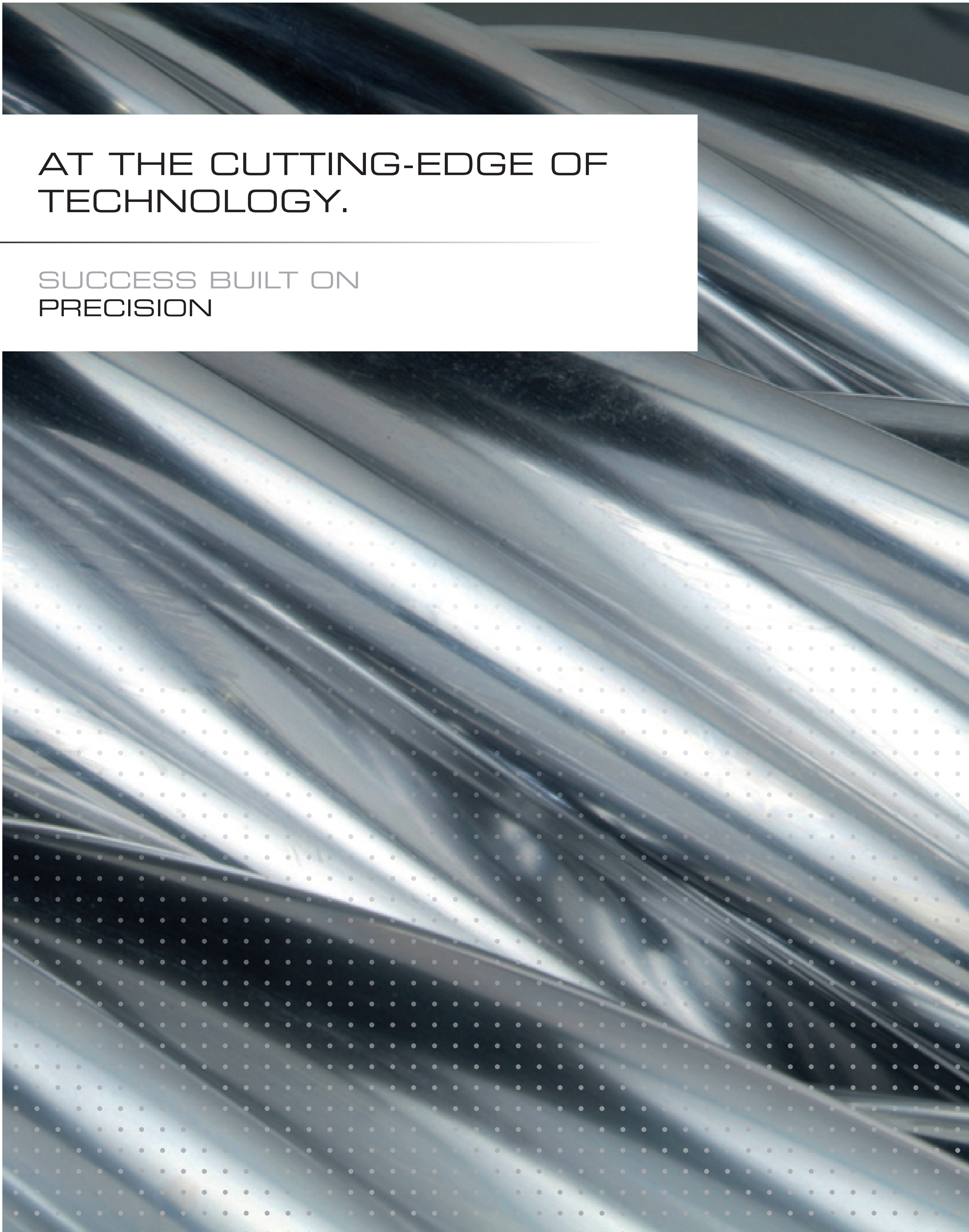
All shares of Schoeller-Bleckmann Oilfield Equipment AG are par value bearer shares. No preferred shareholder rights or different legal arrangements for shares are provided for in the Articles of Association of SBO.

Note on gender

In the interest of simplicity and readability, the masculine or feminine gender always includes the other gender.

AT THE CUTTING-EDGE OF TECHNOLOGY.

SUCCESS BUILT ON PRECISION



MANAGEMENT REPORT

Market environment

Global economic development in 2013 was affected by weak business activity in the industrialised countries. The eurozone remained in a state of recession throughout the first half of the year and was recovering only slowly from mid-2013 on, while the US economy was picking up consistently over the year. In the emerging markets a positive development started to show at least at the beginning of the year, but lost its momentum during the second half of 2013. Projected growth rates of some emerging markets had to be revised, primarily of China.

According to current estimates of the International Monetary Fund (IMF) global economic growth (GDP) in 2013 was 3.0%, following 3.1% in 2012. Despite revised forecasts, the largest part of global growth in 2013 of 4.7% was observed in the emerging markets (4.9% in 2012). By contrast, economic growth in the industrialised nations went up by a mere 1.3%, following 1.4% in the year before.[1]

However, while economic development in the industrialised nations was dissatisfying, global demand for oil and gas remained strong.

According to the International Energy Agency (IEA), average global oil consumption in full 2013 was 91.3 million barrels per day (following 90.0 mb/d in 2012).[2] Year-on-year, this represented an increase of 1.3 mb/d, or 1.4%. As in the years before, constantly rising global demand for oil was driven by the emerging markets. Average oil consumption in non-OECD countries in 2013 was 45.2 mb/d, up 1.2 mb/d from the year before. Due to the slowdown in economic growth seen in the emerging markets, oil demand in non-OECD countries in 2013 went up by 2.7% (following 3.7%), at a somewhat decelerated rate than seen before. The oil demand of approximately 46.1 mb/d observed in OECD countries remained almost the same as in the preceding year.

The rig count[3], the number of globally operating drilling rigs, was slightly declining from the high level in 2013. Following an average of 3518 active rigs in 2012, the average global rig count in 2013 was 3412 units, representing a decrease by 3.0% year-on-year. This was mainly due to a decline by 13.2% of gas wells in the US, whereas the number of oil wells in the US grew by 4.1%. As a result - and because of the rising efficiency in the drilling process - the US oil production rate went up by 12.4%[4].

The international rig count (worldwide excluding North America) climbed up to 1296 units, up 5.0%.

1 International Monetary Fund (IMF), World Economic Outlook Update, January 2014
2 International Energy Agency (IEA), Oil Market Report, February 2014
3 Baker Hughes Inc.
4 International Energy Agency (IEA), Oil Market Report, February 2014

„Undiminished demand for oil and gas created a stable environment for the oilfield service industry.“

Compared to the previous year, global spending for exploration and production rose by around 11% to total USD 682 billion in 2013.[5]

European crude Brent started into 2013 at a price[6] of USD 112.98 per barrel and climbed to its annual high of USD 118.90 (8 February 2013) in the first quarter. Subsequently, the price of Brent crude was falling to reach its annual low of USD 96.84 per barrel on 17 April 2013. By the end of the year Brent had picked up again and arrived at a price of USD 109.95 on 31 December 2013. Year-on-year, the price of one barrel of Brent crude decreased slightly by 2.7%.

The price of US crude WTI started at USD 93.14 per barrel at the beginning of the year and, like Brent, fell to its annual low of USD 86.65 on 17 April 2013. After that, the US brand started to pick up again and reached its annual high of USD 110.62 per barrel on 6 September 2013. On 31 December 2013 the price of one barrel of WTI crude stood at USD 98.17, marking an increase of 5.4% over the year.

As in the years before, the price of US grade WTI was lower than that of European crude Brent in 2013. The price difference diminished during 2013, from around USD 20.00 at the beginning of the year to sometimes less than USD 5.00 in July and August. This was due, experts say, to the improved logistics and transportation system for producing and distributing US crude and low OPEC supplies in the second quarter of 2013 in the wake of political unrest in the Middle East. The rising political risk was also responsible for the price increases observed for both crude grades in the third quarter. The price difference between Brent and WTI was widening again towards the end of the year and stabilised at approximately USD 12.00.

Business development

In fiscal 2013, Schoeller-Bleckmann Oilfield Equipment AG recorded sound business development and continued high profitability. Customers' overordering of high-precision drillstring components still in fiscal 2012 resulted in inventory build-up and declining bookings for SBO in 2013.

As a result, SBO's sales and profit figures declined in 2013 from the record performance in 2012.

Bookings received in fiscal 2013 arrived at MEUR 425.9 (following MEUR 471.4 in the year before). While high inventories kept SBO's bookings low mainly in the first half of the year, orders for high-precision components gradually went up again from the first to the third quarter of 2013, as customers were drawing

[5] Barclays Global 2014 E&P Spending Outlook, December 2013
[6] U.S. Energy Information Administration, Spot Prices for Crude Oil

„High customer inventories sometimes had a curbing effect on bookings. However, profit margins were kept high due to production capacity adjustments.“

down their inventories as expected. In the fourth quarter, customers were cautious in placing new orders as is typical of the season ending the year.

By contrast, the product group of downhole tools, oilfield equipment and services recorded continuous strong demand and encouraging growth compared to the previous year.

At year-end 2013, SBO posted an order backlog of MEUR 111.5 (following MEUR 149.8 at the end of 2012) primarily for the product group of high-precision components, whereas SBO customers preferred short-term planning regarding all other product groups. As the drilling motor and downhole circulation tools business is operated on a leasing basis, it is not listed as order backlog.

SBO adjusted production capacities to the order situation for high-precision components over the year. Although the order situation resulted in lower capacity utilisation and fixed cost coverage, profit margins were kept at above-average levels.

Compared to the previous years, UK-based production companies developed favourably. The new production subsidiary located in Singapore (Knust-SBO Far East) has gained a sound strategic position and covered growing local demand in the Asian region as planned. Equally positive was business development of SBO's production company in Vietnam where growth was continued.

SBO's drilling motor subsidiary BICO and downhole tools company DSI gained market shares in 2013, such as by concluding a two-year framework contract with Brazilian gas and oil company Petrobras for delivering DSI downhole tools worth USD 15 mill. In this respect, the business segments of SBO benefited from the sustained strong drilling activity around the globe. Both BICO high-performance motors and DSI downhole tools gained more and more ground against competitor products for shale gas and shale oil drilling as well as highly challenging offshore drilling operations.

Business development of SBO's globally operating Service & Supply shops profited from the current tendency to overhaul oilfield tools after a certain period of use, as observed in 2013. This product and service group posted encouraging business results, with business in the shops located in Russia and Singapore delivering particularly strong results.

Capital expenditure

With its long-term capex programme SBO makes sure to fully meet constantly rising customer requirements. The company's state-of-the-art production equipment and streamlined production capacities help to safeguard SBO's market position over the long term.

This is the background against which SBO is making its largest investment at the moment to expand the production site in Ternitz/Austria. Stage 1 of this multi-year investment project will go on stream as planned in January 2014. Total expenses (including stage 2) amount to MEUR 54. During the first project stage, machines and production units will be relocated to optimise material flows at the Ternitz site. Another stage will be dedicated to installing additional production capacities at the Ternitz site.

Owing to the sustained strong market acceptance of SBO downhole tools this segment was the second capex focus in 2013, as the drilling motor fleet of the BICO subsidiary and the downhole circulation tools fleet of the DSI subsidiary were extended.

Total capital additions to fixed assets in fiscal 2013 amounted to MEUR 62.6 (following MEUR 53.1 in the year before) and were financed, as in the previous years, almost exclusively from the company's cash-flow. Total purchase commitments for expenditure in property, plant and equipment as at the end of 2013 were MEUR 7.3 (following MEUR 12.9 at year-end 2012).

Research and development

At Schoeller-Bleckmann Oilfield Equipment AG, research and development activities have been integrated in its operations for many years, a system that ensures market and customer-oriented R&D activities.

In fiscal 2013 new materials were developed for the high-precision components product group and successfully launched in the market. Additionally, a large number of prototypes were developed in cooperation with SBO customers and built using new and innovative production methods. Moreover, the e-beam welding process will be introduced gradually in fiscal 2014.

In the area of downhole tools the focus of R&D activities was on further developing and optimising BICO drilling motors and designing new tools. In 2013 several fields tests were conducted to obtain findings that will support development of the new Exoko drilling motor technology.

Risk report

Concerning the risks of the business model of Schoeller-Bleckmann Oilfield Equipment AG we refer to Note 32 of the Consolidated Financial Statements. Concerning the use of Financial Instruments we refer to note 31 of the Consolidated Financial Statements.

Outlook

Contrary to the tendency observed in recent years, forecasts for global economic development were generally optimistic at the beginning of 2014. The International Monetary Fund (IMF)[7] expects average global growth in 2014 to arrive at 3.7% (following 3.0% in 2013 and 3.1% in 2012). Emerging markets and developing countries should grow by 5.1% in 2014 (following 4.7% in 2013 and 4.9% in 2012). With expected growth rates of 7.5% and 5.4%, respectively, China and India will remain the driving forces behind the global economy. Growth expectations for the industrialised nations, according to the IMF, stand at 2.2%, following 1.3% in 2013 and 1.4% in 2012, indicating moderate economic recovery for the industrialised countries as well.

Global economic development as predicted above should have an effect on global energy consumption, which will again be influenced substantially by the sustained high level of growth in the emerging markets. According to estimates of the International Energy Agency (IEA)[8] average global oil consumption in non-OECD countries in 2014 is set to go up by 1.4 million barrels per day, or 3.0%, to total 46.6 mb/d. In the OECD countries, however, the IEA expects the slight decline in oil demand that has continued over many years to come to 0.1 mb/d, or 0.1%, in 2014 (46.0 mb/d, following 46.1 mb/d in 2013). Global oil demand in 2014, as projected by the IEA, should come to 92.6 million barrels per day, up by 1.3 mb/d, or 1.4%, year-on-year (2013: 91.3 mb/d).

[7] International Montetary Fund (IMF), World Economic Outlook, January 2014
[8] International Energy Agency (IEA), Oil Market Report, February 2014

„Constantly growing demand for energy calls for developing further oil and gas reservoirs using increasingly complex technologies. This is why it is safe to assume that growth rates in the oilfield service industry will remain attractive.“

Market analysts anticipate a sound market environment for the oilfield service industry in 2014[9] with spending for exploration and production (E&P) increasing by 6.1%, from USD 682 billion in 2013 to USD 723 billion. What has to be emphasised here is the anticipated rise of spending in the US by around 8%, following zero growth in 2013. Such assumptions are supported by the current oil price development. With oil prices exceeding the 90 USD threshold, even highly complex and technologically challenging oil drilling projects are attractive in economic terms. Following a marked slump of the gas price in the US caused by the shale gas boom, the price also recovered from its lows in 2012 (annual low 1.82 USD/MBtu on 20 April 2012) and went up again to 4.31 USD/MBtu (million british thermal unit) (as at 31 December 2013).[10]

SBO is well positioned to participate in the growth in E&P spending in North America, the Middle East, Latin America, and Russia. Also, in the next years a rising number of offshore rigs will go on stream, and a series of new and extensive drilling projects have been approved. As a result, growth in technologically extremely demanding offshore drilling operations will be a key driver for the future development of SBO.

However, constantly rising E&P costs over many years with stable oil prices are a challenge to the entire value chain that might ultimately impact all decisions on spending.

[9] Barclays Global 2014 E&P Spending Outlook, December 2013
[10] U.S. Energy Information Administration (EIA), Henry Hub Natural Gas Spot Price

Constantly rising use of high-tech equipment is required to develop new conventional and unconventional oil and gas reserves. On the one hand, this is a consequence of the rising depletion rate of already developed reservoirs (average depletion rates climbed from 5.1% in 2008 to 6.2% in 2013)[11] and, on the other hand, of growing demand in the global energy market. It is therefore safe to assume that growth rates in the oilfield service industry will remain attractive.

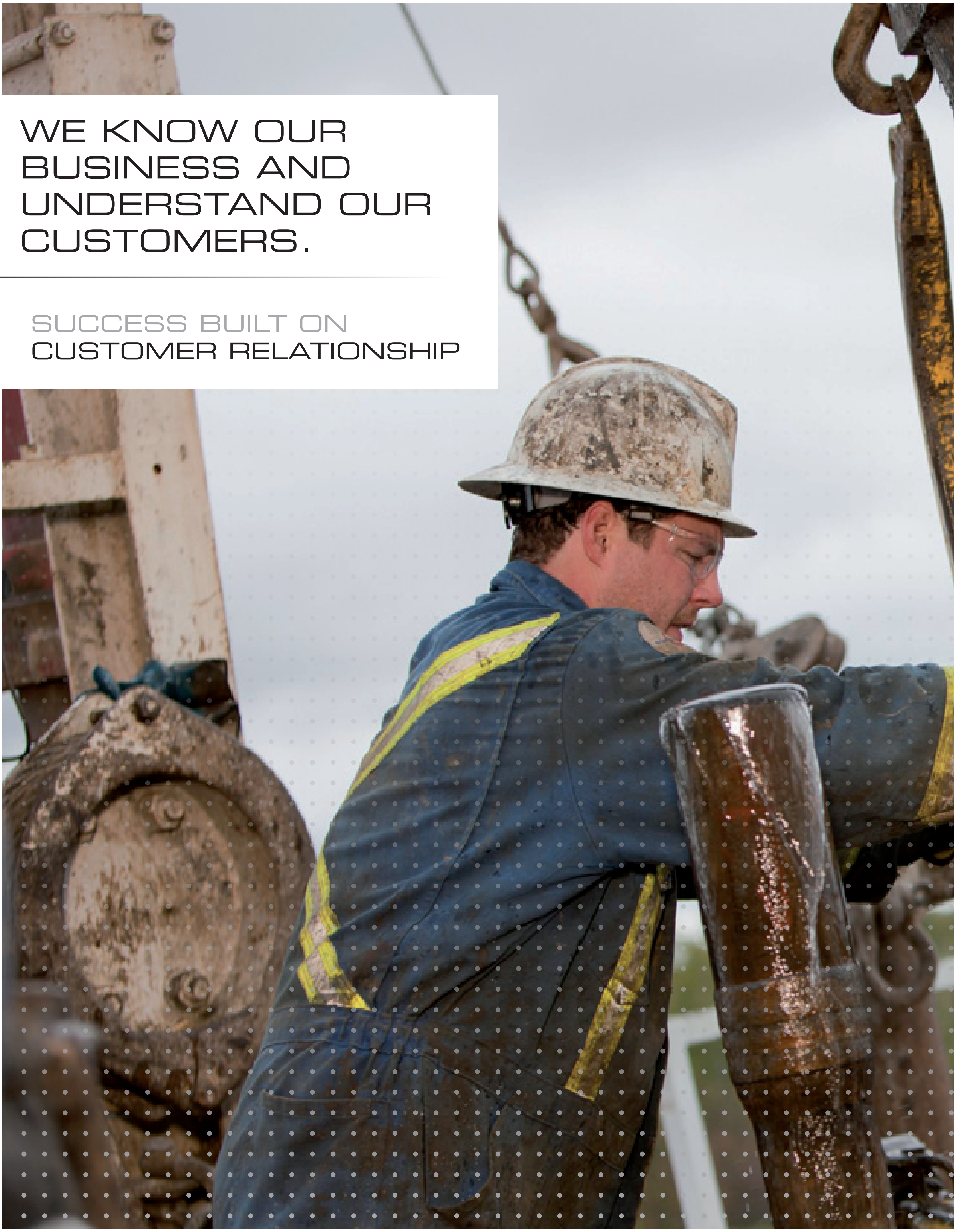
As the global market leader in high-precision components, SBO has established itself firmly in the growth segment of directional drilling for many years. Directional drilling is applied in all offshore activities and increasingly used in onshore operations as well. Additionally, it is used to drill horizontal wells required for tapping into shale oil and gas reservoirs. In the wide growth field of downhole tools SBO today is a globally active niche player offering high-tech products that are in strong demand in the market for challenging drilling projects.

Apart from its leading-edge technological expertise it is the economic strength of SBO combined with minimum debt and high cash-flow that provides a sound foundation for further growth. In the process, SBO will continue its tried and tested approach and further broaden its business base through organic growth, introduction of new products and technologies as well as acquisition of companies.

[11] International Energy Agency (IEA), WEO 2013.

WE KNOW OUR BUSINESS AND UNDERSTAND OUR CUSTOMERS.

SUCCESS BUILT ON
CUSTOMER RELATIONSHIP



Analysis and Results

The consolidated financial statements of the company have been prepared in accordance with the International Financial Reporting Standards (IFRS), formerly International Accounting Standards (IAS). No changes were made in the business of the SBO group.

Certain amounts reported in the prior year financial statements have been reclassified to harmonise them with the presentation in this fiscal year. Such reclassifications are of minor importance to the presentation.

Following the 2012 record year generating sales worth MEUR 512.1, sales went down by 10.5% to MEUR 458.6 in 2013. This was due to weaker bookings received for high-precision components since the second half of 2012.

In fiscal 2013 the development of the US dollar exchange rate also had negative effects. The average exchange rate in 2013 was 1 Euro = USD 1.3282, compared to 1 Euro = USD 1.2856 in 2012, which had a negative influence of around MEUR 12.0 on sales.

EXCHANGE RATE
in EUR/USD

	High	Low	Average	Closing
2013	1.3814	1.2768	1.3282	1.3791
2012	1.3454	1.2089	1.2856	1.3194

As in the years before, the US dollar continues to be the most important currency by far for the SBO group. In 2013, just under 80% (following 80% in 2012) of total sales and revenues were generated in US dollars, while, as before, around 50% of expenses were also incurred in US dollars.

The average rates for the years ended 31 December 2012 and 31 December 2013 were used by the company in the preparation of the consolidated profit and loss statements, whereas the closing rates for the years 2012 and 2013 were used in the preparation of the consolidated balance sheets.

SALES BY REGION

in MEUR		2013	2012
	North America	284.8	343.7
	Europe	227.6	262.7
	Others	62.3	56.3
	– Intercompany Sales	-116.1	-150.6
	Total Sales	458.6	512.1

The table above shows sales by regions of origin.

North America, accounting for 59% (2012: 60%) of sales, continues to be the largest market for the company, since all major customers of SBO, i.e. integrated service companies, are located in the United States. However, as those companies increasingly use their international branch offices for procurement, in particular in Europe and the Far East, those sales markets are becoming more and more important for SBO. Apart from that, the products of the SBO group are used all over the world.

SALES BY PRODUCTS

in MEUR		2013	2012
	High-Precision Components	237.0	283.4
	Downhole tools, oilfield supplies and service	221.6	228.7
	Total Sales	458.6	512.1

In the business segment of high-precision components, sales went down by 16.4%, from MEUR 283.4 in 2012 to MEUR 237.0, mainly due to inventory reductions at SBO customers. This segment essentially comprises MWD/LWD collars, MWD/LWD internals and high-precision parts.

Sales in the segment of downhole tools, oilfield supplies and services, consisting of product groups drilling motors, circulation tools, non-magnetic drill collars and material as well as service and repair activities, were kept at almost the same level as reported in the previous year.

In 2013, gross profit amounted to MEUR 145.2, from MEUR 170.6 in the year before. The gross margin was 31.7%, following 33.3% in 2012.

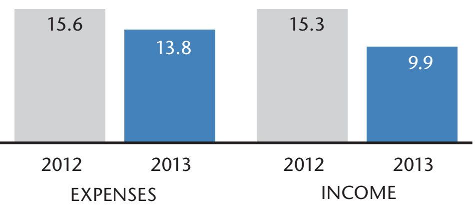
The gross margin was kept at a high level despite weaker sales, which is the result of systematic monitoring and steering of costs in all sectors. The price level remained largely unchanged compared to the previous year.

The main elements of production costs are material and energy expenses, personnel expenses and depreciation on fixed assets.

Selling and administrative expenses, in absolute figures, decreased from MEUR 47.0 in 2012 to MEUR 43.6 in 2013. Due to the decline in sales, they accounted for 9.5% of sales in 2013, compared to 9.2% in 2012.

Selling and administrative expenses consist mainly of salary and salary-related expenses, professional fees for operational activities, travel and entertainment costs, communication and insurance expenses as well as expenses for due diligence procedures and mergers.

OTHER OPERATING INCOME AND EXPENSES



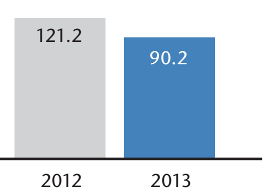
Other operating expenses amounted to MEUR 13.8 in 2013 (2012: MEUR 15.6). This item contains primarily exchange losses that were offset by almost the same level of exchange gains in other operating income, and R & D costs incurred for the segment of downhole tools, oilfield supplies and services, the latter arriving at MEUR 5.6, following MEUR 3.7 in 2012.

Other operating income in 2013 was MEUR 9.9 (2012: MEUR 15.3). The major item covered here are exchange gains. Further operating income consists of rental income, service charges and income from the sale of fixed assets.

IMPAIRMENT OF INTANGIBLE ASSETS

In fiscal 2013, an impairment of MEUR 7.5 (2012: MEUR 2.2) on technology acquired was recorded. The impairment was due to delays in the technological development.

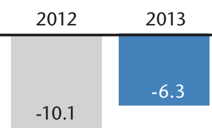
INCOME FROM OPERATIONS



Income from operations was MEUR 90.2 (19.7% of sales), compared to MEUR 121.2 (23.7% of sales) in the year before. This development is mainly due to the decrease in gross profit as a result of declining sales and impairments as shown above.

FINANCIAL RESULT

in MEUR



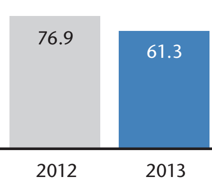
In 2013, the financial result arrived at MEUR -6.3, after MEUR -10.1 in 2012. Net interest expenses were MEUR -13.7 (2012: MEUR -10.6). Also included as net interest expenses are minority interests in subsidiaries held by the respective managements.

Moreover, the financial result includes other financial income amounting to MEUR 8.3 (2012: MEUR 3.0), referring mainly to gains from the valuation of a bond obligation from puttable non-controlling interests as well as the valuation of contingent purchase price obligations from company acquisitions.

Furthermore, financial expenses amounting to MEUR 0.9 (2012: MEUR 2.5) are recognised under this item. Such expenses relate to the increase of the contingent purchase price of DSI recognised as expense. The purchase price was increased because business developed better than expected at the time of acquisition.

NET INCOME / DIVIDEND

in MEUR



Income after tax for 2013 was MEUR 61.3, following MEUR 76.9 in the year before.

Earnings per share arrived at EUR 3.81, following EUR 4.80 in 2012.

The Executive Board proposes to the Annual General Meeting to pay to the shareholders a dividend of EUR 1.50 per share (basic dividend and bonus) for 2013, resulting in a total distribution of MEUR 24.0 to the shareholders.

ASSETS AND FINANCIAL POSITION

Shareholders' equity as of 31 December 2013 was MEUR 382.2, following MEUR 363.1 as of 31 December 2012. The equity ratio arrived at 54.4%, compared to 52.0% in the year before. Net debt as of 31 December 2013 was MEUR 16.6, which is MEUR 17.7 less than as of 31 December 2012. The gearing ratio (net debt in percent of shareholders' equity) was 4.3% as of 31 December 2013, following 9.5% in the year before.

Cash-flow from operating activities arrived at MEUR 110.4 in 2013, following MEUR 118.4 in 2012. The main elements contributing to this key figure were income after tax amounting to MEUR 61.3 (2012: MEUR 76.9) and depreciation and impairment amounting to MEUR 46.3 (2012: MEUR 39.6).

In the wake of weaker business development the net working capital of MEUR 145.7 as of 31 December 2012 fell to MEUR 135.7 as of 31 December 2013. This decline is mainly due to the substantial reduction of inventories (primarily unfinished products), increasing the cash-flow from operating activities compared to the previous year, despite lower income after tax, from MEUR 102.7 to MEUR 109.5.

Net cash outflow from investing activities totalled MEUR 58.7 (2012: MEUR 69.5). Additions to fixed assets were MEUR 62.6 (2012: MEUR 53.1), of which MEUR 14.4 were spent for production facilities mainly in Austria and Vietnam, and MEUR 19.2 for machines and equipment mainly in Austria, the United Stated and the UK, and MEUR 13.6 for further expanding the downhole tools rental fleet.

Report on the main features of the internal control system and risk management system in relation to the financial reporting process

The Executive Board has overall responsibility for the risk management of the SBO group, whereas direct responsibility lies with the managing directors of the operating entities.

Consequently, the system of internal continuous reporting to corporate headquarters plays a particularly important role in identifying risks at an early stage and implementing counter-measures. Operating subsidiaries provide the necessary performance information by timely monthly reporting to the Executive Board.

The group has defined uniform standards for all global subsidiaries regarding implementation and documentation of the complete internal control system and, in particular, the financial reporting process. The underlying objective is to avoid risks leading to incomplete or erroneous financial reporting.

Furthermore, internal reports prepared by subsidiaries are checked for plausibility at corporate headquarters and compared with budgets in order to take appropriate action whenever deviations occur. For this purpose, subsidiaries are required to prepare annual budgets and mid-term planning to be approved by the Executive Board.

In addition, liquidity planning of the subsidiaries is continuously monitored and aligned with the requirements defined by the holding company.

Group controlling regularly monitors subsidiaries' compliance with accounting regulations. Also in the course of internal audits selective accounting topics are covered. Moreover, the annual financial statements of all operating subsidiaries and holding companies are audited by international auditors.

At the Executive Board's regular meetings with local managing directors the current business development and foreseeable risks and opportunities are discussed.

In addition to the International Financial Reporting Standards internal group guidelines are in place for the preparation of the consolidated financial statements to ensure uniform presentation by reporting companies (accounting and valuation issues). A certified consolidation programme equipped with the necessary auditing and consolidation routines is used for automated preparation of the consolidated financial statements.

Events after the balance sheet date

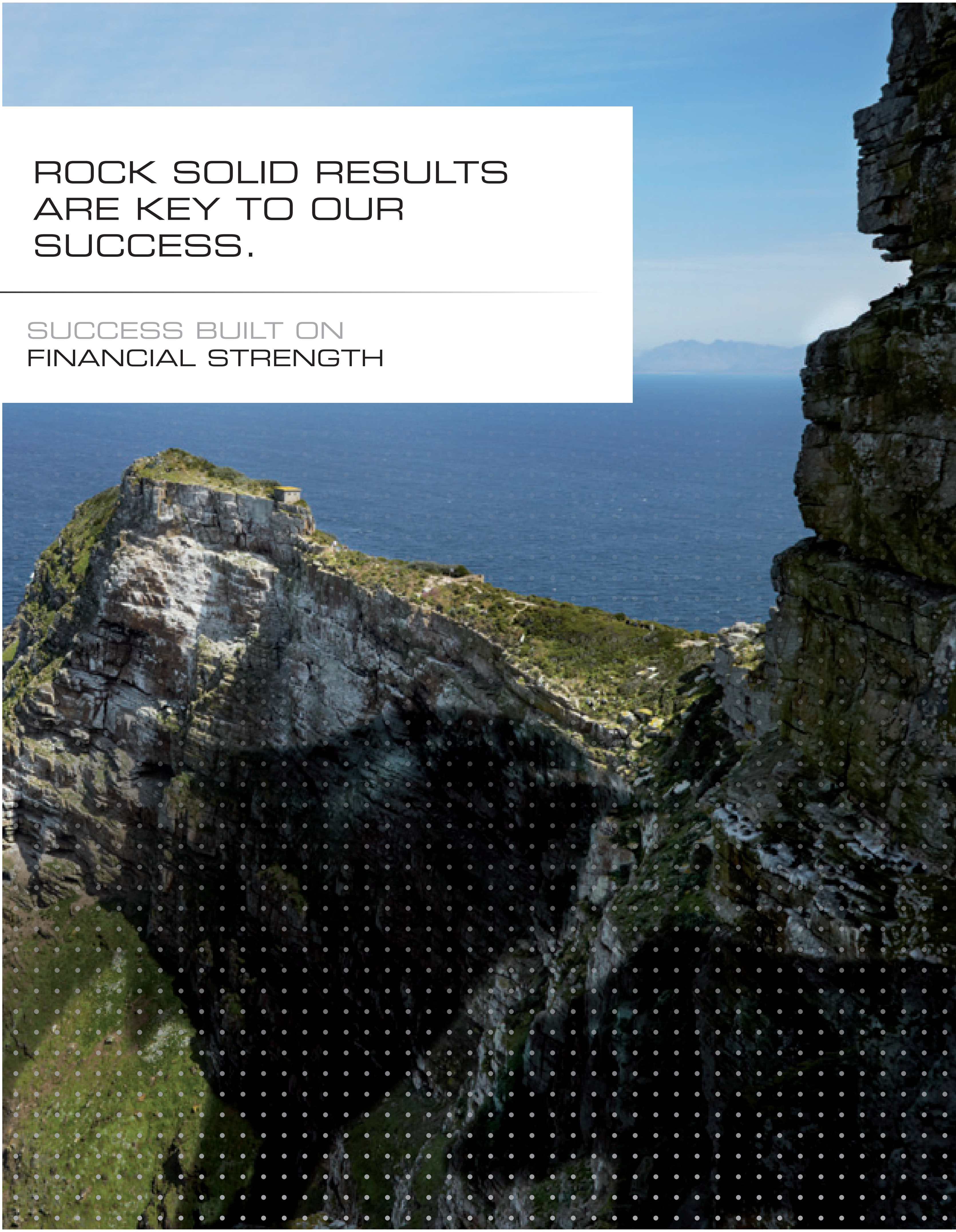
Please refer to Note 38, Financial Information.

Additional information acc. to Section 243a Austrian Commercial Code

Please refer to Note 20, Financial Information.

ROCK SOLID RESULTS ARE KEY TO OUR SUCCESS.

SUCCESS BUILT ON
FINANCIAL STRENGTH



FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

ASSETS in TEUR		31.12.2013	31.12.2012
Current assets			
Cash and cash equivalents		158,366	138,260
Trade accounts receivable	Note 5	78,636	71,854
Income tax receivable		0	1,497
Other accounts receivable and prepaid expenses	Note 6	7,103	6,649
Inventories	Note 7	133,057	157,973
TOTAL CURRENT ASSETS		**377,162**	**376,233**
Non-current assets			
Property, plant & equipment	Note 8	188,430	165,462
Goodwill	Note 9	63,517	65,560
Other intangible assets	Note 9	45,625	61,091
Long-term receivables and assets	Note 10	17,046	17,736
Deferred tax assets	Note 11	11,681	12,356
TOTAL NON-CURRENT ASSETS		**326,299**	**322,205**
TOTAL ASSETS		**703,461**	**698,438**

CONSOLIDATED BALANCE SHEET

LIABILITIES AND SHAREHOLDERS´ EQUITY in TEUR		31.12.2013	31.12.2012
Current liabilities			
Bank loans and overdrafts	Note 12	32,132	31,455
Current portion of bonds	Note 16	0	19,988
Current portion of long-term loans	Note 17	12,622	15,606
Finance lease obligations		81	189
Trade accounts payable		35,347	37,819
Government grants	Note 13	294	358
Income taxes payable		10,872	17,316
Other payables	Note 14	27,522	30,405
Other provisions	Note 15	9,310	6,773
TOTAL CURRENT LIABILITIES		**128,180**	**159,909**
Non-current liabilities			
Bonds	Note 16	19,980	19,963
Long-term loans	Note 17	110,166	85,307
Finance lease obligations		0	83
Government grants	Note 13	462	744
Employee benefit obligations	Note 18	5,987	5,884
Other payables	Note 19	37,617	40,469
Deferred tax liabilities	Note 11	18,882	22,949
TOTAL NON-CURRENT LIABILITIES		**193,094**	**175,399**
Shareholders´ equity			
Share capital	Note 20	15,912	15,960
Contributed capital		61,567	65,203
Legal reserve - non-distributable	Note 21	785	785
Other reserves	Note 22	26	29
Currency translation reserve		-30,203	-15,956
Retained earnings		332,257	295,382
Equity attributable to the owners of the parent company		380,344	361,403
Non-controlling interests	Note 23	1,843	1,727
TOTAL SHAREHOLDERS´ EQUITY		**382,187**	**363,130**
TOTAL LIABILITIES AND SHAREHOLDERS´ EQUITY		**703,461**	**698,438**

CONSOLIDATED PROFIT AND LOSS STATEMENT

in TEUR		2013	2012 (1)
Sales	Note 24	**458,573**	**512,146**
Cost of goods sold	Note 25	-313,380	-341,540
Gross profit		**145,193**	**170,606**
Selling expenses	Note 25	-19,366	-18,976
General and administrative expenses	Note 25	-24,265	-28,069
Other operating expenses	Note 26	-13,775	-15,551
Other operating income	Note 26	9,933	15,343
Profit from operations before non-recurring items		**97,720**	**123,353**
Impairment on other intangible assets	Note 9	-7,517	-2,181
Profit from operations		**90,203**	**121,172**
Interest income		915	956
Interest expenses		-14,624	-11,536
Other financial income		8,290	2,973
Other financial expenses	Note 19	-856	-2,523
Financial result		**-6,275**	**-10,130**
Profit before tax		**83,928**	**111,042**
Income taxes	Note 27	-22,604	-34,118
Profit after tax		**61,324**	**76,924**
Thereof attributable to non-controlling interests		572	329
Thereof attributable to the owners of the parent company		60,752	76,595
		61,324	**76,924**
Average number of shares outstanding		15,955,477	15,960,116
Earnings per share in EUR (basic = diluted)		**3.81**	**4.80**

(1) Amounts for 2012 adjusted (see Note 4)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR		2013	2012 (1)
Profit after tax		**61,324**	**76,924**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign exchange adjustment - subsidiaries		-13,878	-5,016
Foreign exchange adjustment - other items (2)		-773	-245
Income tax effect	Note 27	193	61
		-14,458	**-5,200**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains (losses) on defined benefit plans	Note 18	255	-906
Income tax effect		-64	226
		191	**-680**
Other comprehensive income, net of tax		**-14,267**	**-5,880**
Total comprehensive income, net of tax		**47,057**	**71,044**
Thereof attributable to non-controlling interests		361	226
Thereof attributable to the owners of the parent company		46,696	70,818
		47,057	**71,044**

(1) Amounts for 2012 adjusted (see Note 4)

(2) Mainly the result from translation differences from net investments in foreign entities such as long-term receivables.

CONSOLIDATED CASH-FLOW STATEMENT

in TEUR		2013	2012 [1]
Profit after tax		61,324	76,924
Depreciation and amortization and impairments		46,337	39,610
Write-ups of fixed assets		-1,264	0
Change in employee benefit obligations		103	1,313
Gain (loss) from sale of property, plant and equipment		-180	-192
Income from release of government grants		-342	-1,492
Other non-cash expenses and revenues		6,985	3,560
Change in deferred taxes		-2,534	-1,277
Cash-flow from profit		**110,429**	**118,446**
Change in trade accounts receivable		-9,790	514
Change in other accounts receivable and prepaid expenses		61	1,886
Change in inventories		19,161	-20,805
Change in trade accounts payable		-2,032	-9,464
Change in other payables and provisions		-8,360	12,141
Cash-flow from operating activities	Note 35	**109,469**	**102,718**
Expenditures for property, plant & equipment		-62,593	-53,064
Expenditures for other intangible assets		-164	-174
Change in accounts payable for capital expenditure		395	46
Expenditures for the acquisition of subsidiaries less cash acquired	Note 36	0	-20,172
Proceeds from sale of property, plant & equipment		3,629	3,892
Cash-flow from investing activities	Note 35	**-58,733**	**-69,472**
Acquisition of own shares	Note 20	-3,684	0
Dividend payment		-23,940	-19,152
Government grants received		0	839
Repayment finance lease		-182	-380
Dividend payment to non-controlling interests	Note 30	-245	0
Change in bank loans and overdrafts		1,178	2,466
Proceeds from long-term loans	Note 17	37,500	30,000
Repayments of long-term loans	Note 17	-15,605	-23,421
Repayments of bonds	Note 16	-20,000	0
Repayments of other long-term payables		-2,727	-5,532
Cash-flow from financing activities	Note 35	**-27,705**	**-15,180**
Change in cash and cash equivalents		**23,031**	**18,066**
Cash and cash equivalents at the beginning of the year		138,260	120,842
Effects of exchange rate changes on cash and cash equivalents		-2,925	-648
Cash and cash equivalents at the end of the year	Note 35	**158,366**	**138,260**
Supplementary information on operating cash-flow			
Interest received		836	761
Interest paid		-5,534	-5,556
Income tax paid		-30,113	-26,230

(1) Amounts for 2012 adjusted (see Note 4)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY

Year 2013 in TEUR	Share capital	Contributed capital	Legal reserve	Other reserves	Currency translation reserve	Retained earnings	Total parent company	Non-controlling interests	Total
Note	20		21	22					
1. January 2013	**15,960**	**65,203**	**785**	**29**	**-15,956**	**295,382**	**361,403**	**1,727**	**363,130**
Profit after tax						60,752	**60,752**	572	**61,324**
Other comprehensive income, net of tax					-14,247	191	**-14,056**	-211	**-14,267**
Total comprehensive income, net of tax	0	0	0	0	-14,247	60,943	**46,696**	361	**47,057**
Dividends(1)						-23,940	**-23,940**	-245	**-24,185**
Acquisition of own shares	-48	-3,636					**-3,684**		**-3,684**
Option commitment relating to cancelable non-controlling interests (2)						-131	**-131**		**-131**
Change in reserves				-3		3	**0**		**0**
31. December 2013	**15,912**	**61,567**	**785**	**26**	**-30,203**	**332,257**	**380,344**	**1,843**	**382,187**

(1) The dividend payment in the year 2013 of TEUR 23,940 was distributed to a share capital eligible for dividends of TEUR 15,960. Accordingly, the dividend per share amounted to EUR 1.50.

(2) See Note 31

Year 2012 in TEUR	Share capital	Contributed capital	Legal reserve	Other reserves	Currency translation reserve	Retained earnings	Total parent company	Non-controlling interests	Total
Note	20		21	22					
1. January 2012	**15,960**	**65,203**	**785**	**33**	**-10,859**	**242,149**	**313,271**	**1,501**	**314,772**
Profit after tax						76,595	**76,595**	329	**76,924**
Other comprehensive income, net of tax					-5,097	-680	**-5,777**	-103	**-5,880**
Total comprehensive income, net of tax	0	0	0	0	-5,097	75,915	**70,818**	226	**71,044**
Dividends (1)						-19,152	**-19,152**		**-19,152**
Option commitment relating to cancelable non-controlling interests (2)						-3,534	**-3,534**		**-3,534**
Change in reserves				-4		4	**0**		**0**
31. December 2012	**15,960**	**65,203**	**785**	**29**	**-15,956**	**295,382**	**361,403**	**1,727**	**363,130**

(1) The dividend payment in the year 2012 of TEUR 19,152 was distributed to a share capital eligible for dividends of TEUR 15,960. Accordingly, the dividend per share amounted to EUR 1.20.

(2) See Note 36

NOTES

Note 1

Information about the company

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (the Company), located in 2630 Ternitz at Hauptstrasse 2, was incorporated on 26 May 1994 in Ternitz, Austria and is registered at the Commercial Court in Wiener Neustadt, Austria (FN 102999w).

The Company is engaged in the industrial manufacturing of components and parts for the oil and gas industry, mostly in directional drilling segments, and provides services in these areas.

Since 27 March 2003 the shares of the Company have been listed on the Wiener Börse (Vienna Stock Exchange).

Note 2

Accounting standards

The Company's consolidated financial statements as of 31 December 2013 were prepared in accordance with International Financial Reporting Standards (IFRSs) as well as with the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) as adopted by the EU. In addition, the supplemental requirements of § 245a article 1 UGB (Austrian Commercial Code) were adhered to.

The consolidated financial statements for SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft and its subsidiaries for the business year 2013 (as of 31 December 2013) were released by the Executive Board on 24 February 2014.

The financial statements are denominated in Euros. Unless otherwise provided, all figures have been rounded to thousands of Euros (TEUR). As a result of automated computation, the rounded amounts and percentage figures may display rounding differences.

Note 3

Scope of consolidation

The consolidated financial statements as of 31 December 2013 comprise the accounts of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft as the group parent company and 31 subsidiaries (2012: 31 subsidiaries).

Company	Location	Interest held in % 31 Dec. 2013	Interest held in % 31 Dec. 2012
Schoeller-Bleckmann Oilfield Technology GmbH	Ternitz, AT	100.00	100.00
Schoeller-Bleckmann Drilling and Production Equipment GmbH	Ternitz, AT	100.00	100.00
BICO-DSI Investment GmbH	Ternitz, AT	90.00	90.00
DSI FZE	Dubai, AE	90.00	90.00
Drilling Systems International Limited	Cayman Islands, CY	90.00	90.00
Schoeller-Bleckmann America Inc.	Wilmington, US	100.00	100.00
Accudrill L. L. C. (*)	Houston, US	96.60	96.60
Godwin-SBO L. L. C. (*)	Houston, US	96.60	96.60
Knust-SBO L. L. C. (*)	Houston, US	93.60	94.60
Knust-SBO Far East Pte. Ltd. (*)	Singapore, SG	93.60	94.60
Schoeller-Bleckmann Energy Services L. L. C. (*)	Lafayette, US	88.80	87.80
Schoeller-Bleckmann Sales Co. L. L. C.	Houston, US	100.00	100.00
Schoeller-Bleckmann Oilfield Equipment (UK) Limited	Rotherham, GB	100.00	100.00
Darron Tool & Engineering Limited (*)	Rotherham, GB	97.05	98.95
Darron Oil Tools Limited	Rotherham, GB	100.00	100.00
Schoeller-Bleckmann Darron Limited (*)	Aberdeen, GB	91.00	90.15
Schoeller-Bleckmann Darron (Aberdeen) Limited (*)	Aberdeen, GB	94.65	92.65
Techman Engineering Limited (*)	Chesterfield, GB	91.35	100.00
BICO Drilling Tools Inc. (*)	Houston, US	85.00	85.00
BICO Faster Drilling Tools Inc. (*)	Nisku, CA	72.25	72.25
Schoeller-Bleckmann de Mexico S. A. de C. V. (*)	Monterrey, MX	97.00	97.00
Schoeller Bleckmann do Brasil, Ltda.	Macae, BR	100.00	100.00
SB Darron Pte. Ltd.	Singapore, SG	100.00	100.00
Schoeller-Bleckmann Oilfield Equipment Middle East FZE	Dubai, AE	100.00	100.00
Schoeller-Bleckmann Oilfield Equipment Vietnam L. L. C.	Binh Duong, VN	100.00	100.00

(*) With respect to the disclosure of the shares which are held by the management of these Companies, please see Note 19.

Regarding the non-disclosure of six subsidiaries (2012: six subsidiaries) we refer to the exemption clause in § 265 article 3 UGB (Austrian Commercial Code).

Note 4

Significant accounting policies

The applied accounting policies remain generally unchanged compared to the previous year, except for the following changes.

Changes in accounting policies

In 2013 the Group has initially applied the following new and revised standards and interpretations. The adoption of these standards and interpretations only had an impact on group financial statements as of 31 December 2013 if it is marked with "yes" in the table below.

Regulation		Effective Date [1]	Impact on group financial statements
IAS 1	Presentation of Items of Other Comprehensive Income	01/07/2012	yes
IAS 12	Recovery of Underlying Assets	01/01/2013	no
IAS 19	Employee Benefits	01/01/2013	yes
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	01/01/2014 [2]	yes
IFRS 1	Government Loans	01/01/2013	no
IFRS 1	Severe Hyperinflation	01/01/2013	no
IFRS 7	Offsetting of Financial Assets and Financial Liabilities	01/01/2013	no
IFRS 13	Fair Value Measurement	01/01/2013	yes
IFRIC 20	Stripping costs in the production phase of a surface mine	01/01/2013	no
Diverse	Improvements to IFRSs 2009-2011 Cycle	01/01/2013	no

[1] To be applied within the European Union for annual periods beginning on or after this date
[2] Early adoption as of 31 December 2013

Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, translation differences from net investments in foreign entities) would be presented separately from items which will never be reclassified (for example actuarial gains and losses on employee defined benefit plans). The amendments are limited to changes in presentation but do not impact the Group's financial position and financial performance.

IAS 19 Revised – Employee Benefits

The IASB issued significant revisions to IAS 19. The accounting options available under current IAS 19 have been eliminated and the defined benefit obligation of defined benefit plans has to be fully recognized in the balance sheet. Actuarial gains and losses are now required to be recognized in other comprehensive income (OCI) and excluded permanently from profit and loss. Up to 2012 the Company recognized actuarial gains and losses in profit and loss which now requires a reclassification from profit and loss into other comprehensive income. Furthermore there are a number of new disclosure requirements concerning defined benefit plans. Impacts from the amendments of IAS 19 refer to cost of goods sold, general and administrative expenses, other comprehensive income, effects on income taxes, and profit after tax attributable to the owners of the parent company and are disclosed in Note 4 - Retrospective adjustments.

IAS 36 Impairment

These amendments remove the unintended consequences following IFRS 13 on the disclosures required under IAS 36 and permit to omit additional disclosures on recoverable amounts for CGUs with allocated goodwill for which no impairment is required. The early adoption of these amendments does not lead to any other impacts on the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for all fair value measurements under IFRS and expands required notes disclosures. IFRS 13 aims at providing a standardization of the fair value definition and valuation methods to be applied. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. IFRS 13 also requires a number of additional disclosures relating to fair values. Accordingly, additional disclosures relating to financial assets and liabilities as well as relating to the fair value hierarchy are provided (see Note 31).

The following new or revised standards and interpretations which have been adopted by the European Union, have not been applied early in 2013, but will be applied in the respective reporting periods for which application becomes mandatory:

Regulation		Effective Date [1]	Impact on group financial statements
IAS 27	Separate Financial Statements	01/01/2014	no
IAS 28	Investments in Associates and Joint Ventures	01/01/2014	no
IAS 32	Offsetting Financial Assets and Financial Liabilities	01/01/2014	no
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	01/01/2014	no
IFRS 10	Consolidated Financial Statements	01/01/2014	no
IFRS 11	Joint Arrangements	01/01/2014	no
IFRS 12	Disclosures of Interests in Other Entities	01/01/2014	yes
Diverse	Amendments to IFRS 10, IFRS 12, IAS 27 – Investment Entities	01/01/2014	no

[1] to be applied for annual periods beginning on or after this date

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 requires disclosures relating to interests in subsidiaries, joint arrangements and associates. The disclosures are considerably more extensive than the current requirements of IAS 27, 28 and 31 and will accordingly lead to additional notes disclosures.

Balance sheet date

Balance sheet date of all companies included in the Company's accounts is 31 December.

Consolidation principles

According to International Financial Reporting Standards upon capital consolidation, business combinations are accounted for using the acquisition method i. e. the consideration transferred is offset against the proportionate fair value of the acquired assets and liabilities of the acquired business. The consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 in profit and loss under other financial expenses or income, respectively. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. Acquisition costs incurred are expensed (general and administrative expenses).

Non controlling interests are recognized at their fair value of the proportionate share of identifiable net assets as at the acquisition date. Subsequently, their share of profit after tax and other comprehensive income is attributed to non-controlling interests. In case of losses, a negative balance could be recorded. Changes in the ownership without loss of control are recorded as equity transactions.

According to a merger in 2012 the Company entitled non-controlling interests to sell their shares to the Company at any time. The Company has committed itself to purchase the offered shares. The purchase price depends on the profits generated by the acquired company. The anticipated discounted purchase amount of the put option is determined based on current planning figures and is recognized in other liabilities as granting of the put option created an unconditional payment obligation of the Group. The financial liability has initially been recognized by reclassification of the non-controlling interests measured at the proportionate share of revalued net assets at the acquisition date. The remaining difference to the anticipated discounted purchase amount at the acquisition date has been reclassified from equity attributable to the owners of the parent company without any effect on profit and loss. From a group perspective subsidiaries with such put option obligations are fully consolidated. Profits of the respective entity are fully allocated to the owners of the parent company. Dividend payments to non-controlling interests are recognized in other financial expenses.

Subsidiaries are fully consolidated since their acquisition date, i. e. when the Company gets control over the acquired business. The consolidation ends when the Company loses control over the subsidiary. All intercompany receivable and payable balances were reconciled at the balance sheet date and offset in the course of the elimination process.

Sales and other income resulting from activities between the group companies were reconciled in the relating consolidation period and offset against the corresponding expenses.

Intercompany profits arising from the delivery of goods between group companies were also eliminated.

Going concern basis

The consolidated financial statements were prepared on a going concern basis.

Uniform accounting principles

The financial statements of all consolidated entities were prepared in accordance with uniform group accounting policies.

Foreign currency translation

The consolidated financial statements are denominated in Euros, the functional and reporting currency of the Group. Each group member determines its own functional currency. The line items in the individual company financial statements are measured by using this functional currency.

Foreign currency transactions were translated at the exchange rate in effect at the transaction date. Monetary items denominated in foreign currencies were converted at the rate in effect at the balance sheet date. Currency differences were booked in profit or loss in the period they occurred.

For the group financial statements, the financial statements of foreign subsidiaries are translated into Euros, in accordance with the concept of functional currency:

- The assets and liabilities, both monetary and non-monetary, are translated at the at the exchange rate at balance sheet date.
- All income and expense items of the foreign subsidiaries are translated at an average exchange rate for the year.

The development of the currency rates was as follows:

	Balance sheet date		Average annual rate	
1 EUR =	31.12.2013	31.12.2012	2013	2012
USD	1.3791	1.3194	1.3282	1.2856
GBP	0.8337	0.8161	0.8493	0.8111
CAD	1.4671	1.3137	1.3685	1.2848
MXN	18.0731	17.1845	16.9644	16.9920
BRL	3.2576	2.7036	2.8669	2.5097
VND	29,134.0	27,596.5	28,043.2	26,986.4

Exchange differences resulting from translating the financial statements of the subsidiaries are recognized under “currency translation reserve” within equity in the consolidated financial statements, the movement in the current year is recorded under “other comprehensive income”.

Split in current and non-current assets and liabilities

Assets and liabilities with a residual term to maturity of less than one year are reported as current, those with a residual term to maturity of more than one year as non-current. Residual time to maturity is determined on the basis of the balance sheet date.

Operating assets and liabilities, such as Trade Accounts Receivable and Trade Accounts Payable, are always considered as current, even if their maturity is beyond 12 months as of the balance sheet date..

Financial instruments

A financial instrument is an agreement whereby a financial asset is created in one company, simultaneously with a financial liability or equity in the other company.

Such transactions are recognized at the settlement date, according to IAS 39.

A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired,
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party, or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the underlying obligation is discharged, canceled or when it expires.

The consolidated balance sheet includes the following financial instruments (categorized according to IAS 39):

Cash and cash equivalents

All cash, bank deposits and short-term financial investments available for sale are recorded under line item Cash and cash equivalents, because they can be converted into cash at any time. They are measured at current value at the balance sheet date and are not subject to significant changes in their value.

Marketable financial instruments are non-derivative financial assets which are not held for trading purposes.

After initial recognition, marketable financial instruments are measured at their fair values while resulting profits and losses are booked into equity. The fair value is the market value of the respective assets at the balance sheet date. Upon disposal or impairment of marketable financial assets recognized in equity to that point, gains or losses are accounted for in the annual profit and loss statement.

Interest and dividends earned on financial investments are recognized trough profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or definable payments, which are not listed at an active market. They particularly include Trade receivables, Loans and Other Receivables. Interest at market rates is charged on those trade receivables which are granted for credit periods which exceed those normally granted in business.

Receivables and other assets are recognized at the settlement date at acquisition costs, thereafter they are measured at amortized costs using the effective interest method, less any allowance for impairment. Gains and losses are booked into the profit and loss statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company grants credits to its customers in the normal course of business, but generally does not require any collateral or security to support the amounts due, with the exception of occasional customers and customers located in high risk countries from whom the Company obtains confirmed letters of credit. Management performs permanent credit evaluations of its customers and builds up allowances for doubtful accounts if required.

The Company regularly assesses its receivables and records individual allowances for doubtful debts if necessary. These allowances are sufficient to cover the expected risk of default whereas actual defaults result in writing off the respective receivable. The decision whether to account for default risk by means of allowances or to recognize impairment losses depends on the reliability of the risk evaluation.

Management evaluates the adequacy of the allowances for doubtful debts using structural analyses of due dates and balances in accounts receivable, the history of payment defaults, customer ratings and changes in terms of payment.

Liabilities

Financial liabilities particularly include Trade payables, Payables due to banks, Bonds, Payables under finance leasing and Derivative financial liabilities.

Liabilities are initially recognized at its fair value minus directly attributable transaction costs; subsequently they are measured at amortized costs, using the effective interest method. Income and expenses resulting from the use of the effective interest method are booked into profit and loss.

In addition, the interest in subsidiaries, which are held by the respective management, is recorded under financial liabilities. The management is obliged by contract to sell these shares to the Company under specific circumstances, and the Company is obliged to buy these shares. The selling price is based on the value of the respective equity portion at the date of the transaction. Pursuant to IAS 32.23, such contracts constitute a financial liability, valued at the present value of the redemption amount. As no exact measurement of the future value is available subsequent measurement refers to the respective portion of the equity at the balance sheet date, which includes the portion of the income from the current year. The respective current year's income portion is recognized in the consolidated profit and loss statement under interest expenses and is considered to be representative for the effective interest expense.

Furthermore, participation rights granted to the management of subsidiaries are recorded under financial liabilities. A transfer of such rights to third parties needs the approval of the Company. The Company has the option to purchase participation rights under specific circumstances, with the purchase price being based on the respective equity portion at the date of the transaction. Current year's income portion is considered to be representative for the effective interest expense and accordingly increases the liability.

Derivative financial instruments and hedging relationships

The Group uses financial instruments, such as currency futures and interest swaps to cover its interest and currency risks. These derivative financial instruments are recognized at fair value at the contract dates and are measured at the respective fair values in the following periods. Derivative financial instruments are recognized as assets if their fair values are positive and as liabilities if fair values are negative.

The Company uses the following instruments:

Other derivatives

In order to cover the foreign currency risk relating to monetary assets and liabilities in the balance sheet, the Company applies hedging measures, which, although not in compliance with the strict requirements set out in IAS 39 for hedge accounting, effectively contribute to hedge the financial risk from the risk management perspective.

Income or expenses resulting from changes in the fair value of financial instruments which do not fulfil the accounting criteria regarding hedging relationships under IAS 39, are directly booked to the profit and loss statement.

Income and expenses resulting from foreign currency hedging transactions which were made to hedge the exchange risk related to intra-group trading in foreign currencies are not displayed separately but reported together with the foreign exchange income and expenses from the hedged items in the operating result.

In addition, the Company records liabilities for contingent purchase price payments from business combinations and an option commitment relating to cancelable non-controlling interests. The valuation at the balance sheet date is made according to the underlying agreements based on the discounted payments using the most recent sales forecast. The addition of accrued interest related to liabilities for contingent purchase price payments is recognized in interest expenses. Gains or losses resulting from changes in the expected discounted cash flows are recorded as other financial income or other financial expenses, respectively.

Hedging relationships

In the course of a business combination in 2010 the foreign currency hedge transaction of the purchase price between signing and closing dates of the business combination was recognized as fair value hedge of a fixed underlying transaction not recognized in the balance sheet. The loss attributable to the secured risk was recognized as basis adjustment for the acquired assets and is now expensed in the profit and loss statement according to the profit and loss effectiveness of the assets (according to the depreciation based on the estimated useful lives).

o Inventories

Inventories consist of materials and purchased parts in various stages of assembly and are stated at the lower of cost or net realizable value at the balance sheet date. Costs are determined by the first-in, first-out, weighted average or specific identification methods. The costs of finished goods comprise raw material expenses, other direct costs and related production overheads, but exclude interest expense. The Company reviews inventories for slow moving or obsolete items on an ongoing basis and establishes appropriate adjustment provisions if necessary.

Tangible and intangible fixed assets

The Company's non-current assets are recorded at cost less depreciation/amortization. Depreciation is principally computed by means of the straight-line method, over the expected useful life of the asset. The estimated useful lives are as follows:

	Useful life in years
Other Intangibles	4 - 10
Buildings and improvements	5 - 50
Plant and machinery	3 - 17
Fixtures, furniture and equipment	2 - 10

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the profit and loss account in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

Repairs and refurbishments are charged to profit and loss at the time the expenditure has been incurred. Borrowing costs are also expensed as incurred, unless they are related to a qualifying asset with a commencement date (acquisition or production) after 1 January 2009.

Where tangible assets are financed by leasing agreements which give rights approximating to ownership (finance leases), they are treated as if they were purchased outright at the lower of the fair value or the fair value of the minimum lease payments. The corresponding leasing liabilities are shown in the balance sheet as finance lease obligations.

Interest expenditures on capitalized lease objects are based on interest rates between 5.0% and 7.0%. This rate is in turn determined using the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

The determination whether an arrangement contains a lease is based on its economic substance and requires a judgement as to whether the fulfilment of the contractual arrangement depends on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Goodwill

Goodwill is recognized at acquisition cost and is not amortized but tested for impairment annually as of 31 December. For this purpose, the goodwill is assigned to cash generating units. The impairment test for cash generating units is performed by calculating the value in use on the basis of expected future cash flows.

A write down of goodwill cannot be reversed in future periods.

Current and deferred income taxes

The actual tax refund receivables and tax payables for the current and previous periods are measured in the amount of the expected refund by, or payment to the tax authority. The respective amounts are based on the current tax rates and tax laws applicable at the balance sheet date.

The Company uses the "balance sheet liability method" according to IAS 12 under which deferred taxes are determined, based on the temporary difference between the amounts attributed to assets or liabilities in the individual group companies for tax purposes (tax base) and the carrying amounts of those assets or liabilities in the balance sheet. They are measured by the tax rates which become effective when the differences reverse (IAS 12). Deferred tax income or expenses arise from any movement in deferred tax assets or liabilities. Deferred tax assets are recognized to the extent it is probable that there will be taxable income in future against which the deductible temporary differences may be offset. Deferred tax assets are to be formed for tax loss carry forwards, provided these tax loss carry forwards can be consumed with future tax profits.

Deferred taxes are measured at the tax rates that are expected to apply to the year, when the asset is realized or the liability is settled.

Current and deferred taxes which relates to items recognized under "other comprehensive income" or equity are also posted in "other comprehensive income" or equity but not through profit and loss.

Government grants

Subsidies are recognized only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and that the grants will in fact be received. Grants are recognized systematically as income over the period necessary to match them with the related costs, for which they are intended to compensate.

Grants relating to assets are recognized as a liability upon fulfilment of all requirements for the receipt of such grants. They are released over the useful life of the respective assets. The release is displayed in the consolidated profit and loss statement (line item "other operating income").

Provisions

In accordance with IAS 37, provisions are recognized when the Company has current legal or constructive obligations which are based on past events and which will probably lead to a payment. The provisions are measured at the best estimate of the management at the balance sheet date. If a reliable estimate is not possible, no provision is made.

Employee benefits

Defined benefit plans

Defined benefit plans exclusively refer to severance payment obligations of Austrian companies. Employers are obliged to pay a lump sum upon normal retirement or termination of an employment agreement, if the employee has been with the Company for at least three years, and provided that the employment commenced before 1 January 2003. Severance payments range from two to twelve months of salary at the time of termination based on the length of service. Payments are made on normal retirement or any other termination, with the exception of voluntary terminations by employees. The obligations accrued for at each balance sheet are determined on the basis of actuarial reports applying the Projected Unit Credit Method using a service period of 25 years and correspond to the present value of the benefits accruing to the employees at the end of the reporting period. Pension entry ages are considered in compliance with current legal provisions. Expected future salary increases and fluctuation rates are considered based on medium-term past experiences.

All remeasurements relating to defined benefit plans (actuarial gains and losses) are recognized under other comprehensive income according to IAS 19 (2011). For further details on provisions for severance payments please refer to Note 18.

Defined contribution plans

According to the legal requirements for employment agreements commenced after 1 January 2003 under Austrian labor law, the Company has to contribute 1.53% of current remunerations to an external providence fund.

Further contribution-based pension schemes are in place in several group entities. These are based either on legal obligations or bargaining agreements or subject to individual contractual agreements. The obligation of the Group is limited at paying the contribution to each pension fund when it is due. There is no legal or constructive obligation for future benefits.

All contributions to defined contribution plans are recognized as expense at the time when employees have fulfilled their services obliging the Company to make this contribution.

Employees' jubilee payments for long service

According to the collective work agreement, employees in Austria are entitled to jubilee payments, depending on their length of service with their company (defined benefit plan). The amounts accrued for these provisions were also calculated by applying the Projected Unit Credit Method. The actuarial assumptions used for the severance payments are also applied for the calculation of the jubilee payment provision. Remeasurements (actuarial gains or losses) are recognized in the profit and loss statement as incurred.

Own shares

Own shares are carried at acquisition costs and are subtracted from the equity. The purchase, sale, issuance and redemption of own shares are not recognized in profit or loss. Potential differences between the par value and the related settlements are recorded under Contributed capital.

Revenue recognition

Sales revenue is recognized when title passes, generally upon delivery to the customer or on performance of the related service.

Revenue on operating leases is recognized on a pro-rated basis over the period.
Income on interest is recognized on a pro-rated basis over the period, by taking the effective interest into account.

Research and development

Pursuant to IAS 38, research costs are expensed as incurred. Development costs are only expensed, if the requirements of IAS 38 for a capitalization of development expenses are not fully met.

Earnings per share

Earnings per share are calculated in line with IAS 33 by dividing the profit after tax attributable to the owners of the parent company by the average number of ordinary shares outstanding during the period.

Estimates, discretionary decisions and assumptions

The **preparation of consolidated annual financial statements** in conformity with International Financial Reporting Standards (IFRS) requires estimates and assumptions as well as discretionary decisions to be made by the management that affect the amounts reported in the balance sheet, in the notes and in the profit and loss statement. Actual future results may differ from such estimates, however, as seen from today´s perspective, the Board does not expect any major negative implications on the financial results in the near future.

Assumptions and discretionary decisions need to be taken for the recognition and valuation of **intangible assets** acquired in the course of business combinations (see Note 36).

In **Property, plant and equipment** and **Intangible assets** it is necessary to include estimates for the period during which these assets are expected to be used (see Notes 8 and 9).

For the yearly **impairment test of goodwill** and **intangible assets not yet in use**, an estimate of the value in use is necessary. Management has to make assumptions on the expected future cash flows of the cash-generating units and has to choose an adequate discount rate (see Note 9).

For the consideration of **deferred taxes assets**, it is necessary to make estimates of the future taxable income which will be available for the utilization of tax loss carry forwards and other timing differences (see Note 11).

In order to measure **inventories**, management expectations of price and market developments are required (see Note 7).

It is necessary to make assumptions regarding the default probability of **receivables** (see Note 5).

For the recognition of **provisions** the probability of occurrence needs to be evaluated at balance sheet date by management. Provisions are carried at those values which correspond to the best estimate by the management at the balance sheet date (see Note 15).

The **accruals for defined benefit plans** and other employee benefits are based on actuarial computations. For such calculations it is necessary to make assumptions for the discount rate, future salary increases, mortality rate and fluctuation rates (see Note 18).

The option commitment relating to cancellable non-controlling interests is recorded at the balance sheet date with its fair value, which is derived from the most recent profit planning (see Notes 14 and 36).

Liabilities for contingent purchase price payments due to business combinations are recorded at the balance sheet date with their fair value, which is derived from the most recent sales forecast (see Note 19).

The valuation of **liabilities for management interest in subsidiaries** and similar participation rights is based on assumptions about the service life for the respective managers with the company and the expected profitability of the subsidiaries as well. The Company considers the proportion of the yearly profit as representative for the effective interest expense in the period payable to the managers (see Note 19).

Retrospective adjustments

In 2013 SBO Group retrospectively applied IAS 19 (2011) for the first time. This means that any remeasurements (actuarial gains or losses) will no longer be recognized through profit or loss for the period but under other comprehensive income. Prior year figures have been adjusted accordingly.

Based on materiality considerations impairment on other intangible assets amounting to TEUR 7,517 was presented in 2013 in a separate line item „impairment on other intangible assets“ in the profit and loss statement in order to allow for a more reliable and relevant presentation of the Company's financial performance. For enhancing comparability impairment on other intangible assets amounting to TEUR 2,181 which was recognized in the consolidated financial statements 2012 under expenses for research and development within "other operating expenses" was retrospectively reclassified to „impairment on other intangible assets“.

In addition, the current income portions relating to shares held by management of individual subsidiaries of the Group, which up to 2012 were recognized under other financial expenses, were retrospectively reclassified to interest expenses in order to achieve enhanced clarity of the presentation of the Company's financial performance.

The following table presents the retrospective adjustments of financial information 2012 and the effects of these adjustments on the financial information 2013:

Effects on the consolidated profit and loss statement:

in TEUR	2013	2012
Cost of goods sold	-280	814
General and administrative expenses	25	92
Other operating expenses	7,517	2,181
Impairment on other intangible assets	-7,517	-2,181
Interest expenses	-3,537	-3,508
Other financial expenses	3,537	3,508
Profit from operations and profit before tax	-255	906
Income taxes	64	-226
Profit after tax	-191	680
Thereof attributable to the owners of the parent company	-191	680
Earnings per share (basic = dilluted in EUR)	-0.01	0.04

The retrospective application of IAS 19 (2011) reduced other comprehensive income for 2012 by TEUR 680. For the financial year 2013, the application of IAS 19 (2011) resulted in an increase of other comprehensive income by TEUR 191.

Accordingly, there were adjustments within cash-flow from profit for the year 2012.

Application of IAS 19 (2011) had no effects on balance sheet amounts of provisions for severance payments as obligations from defined benefit plans already were fully provided for.

Note 5

Trade accounts receivable

An analysis of trade receivables as of 31 December shows the following situation:

in TEUR	Carrying value	Not past-due and not impaired	Past-due, not impaired				
			≤ 30 days	31-60 days	61-90 days	91-120 days	> 120 days
2013	78,636	49,507	16,045	6,190	3,187	1,434	2,073
2012	71,854	43,081	16,198	5,704	2,340	2,201	2,238

The book value of impaired balances amounted to TEUR 200 (2012: TEUR 92).

The allowance account reflects the following:

in TEUR	2013	2012
As of 1 January	2,449	2,399
Exchange differences	-95	-48
Usage	-124	-208
Reversal	-797	-654
Expensed additions	623	960
As of 31 December	**2,056**	**2,449**

The receivables listed are not secured.

Note 6

Other accounts receivable and prepaid expenses

This line item mainly consists of balances due from tax authorities and deferred charges.

The receivables are not secured, and no allowances were recorded.

Note 7

Inventories

Inventories are detailed by major classification as follows:

in TEUR	31 December 2013	31 December 2012
Raw materials	11,160	12,292
Work in progress	65,299	74,899
Finished goods	56,427	70,353
Prepayments	171	429
Total	**133,057**	**157,973**

Allowance expenses booked for 2013 were TEUR 3,477 (2012: TEUR 4,361).

Note 8

Property, plant & equipment

The following is a summary of the gross carrying amounts and the accumulated depreciation of property, plant and equipment held:

Year 2013 in TEUR	Land & buildings	Plant & machinery	Fixtures, furniture & equipment	Prepayments & assets under construction	Total
At cost					
1 January 2013	69,109	280,586	12,575	10,286	372,556
Exchange differences	-2,074	-8,491	-315	-130	-11,010
Additions	14,380	32,780	1,792	13,641	62,593
Transfers	3,757	12,992	-1,065	-15,684	0
Disposals	-159	-12,807	-704	174	-13,496
31 December 2013	85,013	305,060	12,283	8,287	410,643
Accumulated depreciation & impairments					
1 January 2013	17,323	180,373	9,398	0	207,094
Exchange differences	-509	-4,951	-234	0	-5,694
Additions depreciation	2,589	28,283	1,252	0	32,124
Transfers	623	0	-623	0	0
Disposals	-56	-9,389	-602	0	-10,047
Write-ups	0	-1,264	0	0	-1,264
31 December 2013	19,970	193,052	9,191	0	222,213
Carrying value					
31 December 2013	65,043	112,008	3,092	8,287	188,430
31 December 2012	51,786	100,213	3,177	10,286	165,462

Year 2012 in TEUR	Land & buildings	Plant & machinery	Fixtures, furniture & equipment	Prepayments & assets under construction	Total
At cost					
1 January 2012	64,107	247,973	11,557	7,845	331,482
Exchange differences	-444	-2,003	-52	61	-2,438
Business combinations	8	335	26	0	369
Additions	3,359	28,141	1,473	20,091	53,064
Transfers	2,086	15,606	3	-17,711	-16
Disposals	-7	-9,466	-432	0	-9,905
31 December 2012	69,109	280,586	12,575	10,286	372,556
Accumulated depreciation & impairments					
1 January 2012	15,086	160,441	8,448	0	183,975
Exchange differences	-80	-1,089	-22	0	-1,191
Business combinations	5	100	10	0	115
Additions depreciation	2,319	26,713	1,371	0	30,403
Transfers	0	2	-5	0	-3
Disposals	-7	-5,794	-404	0	-6,205
31 December 2012	17,323	180,373	9,398	0	207,094
Carrying value					
31 December 2012	51,786	100,213	3,177	10,286	165,462
31 December 2011	49,021	87,532	3,109	7,845	147,507

The Company has manufacturing facilities in the following countries: USA, Austria, UK, Mexico, Vietnam and Singapore.

Service and maintenance as well as marketing outlets are maintained in the USA, Canada, UK, Singapore, the UAE, Russia and Brazil.

In 2013 and 2012 no impairments were made.

In 2013 write-ups in the amount of TEUR 1,264 (2012: TEUR 0) were made in the segment Europe as a sustained repair possibility of a damaged production facility was found (recorded in the profit and loss account under cost of sales).

As of 31 December 2013 commitments for capital expenditure amounted to TEUR 7,260 (2012: TEUR 12,881).

Finance Lease

Plant and machinery held under finance lease are as follows:

in TEUR	31 December 2013	31 December 2012
Acquisition cost	480	1,228
Accumulated depreciation	-290	-811
Carrying value	**190**	**417**

The following minimum lease payments arise from the utilization of such assets:

in TEUR	31 December 2013	31 December 2012
For the following year	83	192
Between one and five years	0	85
More than five years	0	0
Total minimum lease payments	83	277
Less discount	-2	-5
Present value	**81**	**272**

Operating lease

Commitments arising from lease and rental contracts (for items not shown in the balance sheet) amounted to:

in TEUR	31 December 2013	31 December 2012
For the following year	1,345	1,299
Between one and five years	1,757	2,582
After five years	168	160

Payments for operating leases which were expensed in the current year amounted to TEUR 1,458 (2012: TEUR 1,299).

Note 9

Intangible assets

The list below summarizes the gross carrying amounts and the accumulated amortization of intangible assets:

Year 2013 in TEUR	Goodwill	Other intangibles	Total
At cost			
1 January 2013	89,640	82,549	172,189
Exchange differences	-2,787	-2,114	-4,901
Additions	0	164	164
Disposals	0	-13	-13
31 December 2013	86,853	80,586	167,439
Accumulated amortization & impairments			
1 January 2013	24,080	21,458	45,538
Exchange differences	-744	-697	-1,441
Additions amortization	0	6,696	6,696
Additions impairments	0	7,517	7,517
Disposals	0	-13	-13
31 December 2013	23,336	34,961	58,297
Carrying value			
31 December 2013	63,517	45,625	109,142
31 December 2012	65,560	61,091	126,651

Year 2012 in TEUR	Goodwill	Other intangibles	Total
At cost			
1 January 2012	83,021	60,793	143,814
Exchange differences	-1,066	-578	-1,644
Business combinations	7,685	22,147	29,832
Additions	0	174	174
Transfers	0	16	16
Disposals	0	-3	-3
31 December 2012	89,640	82,549	172,189
Accumulated amortization & impairments			
1 January 2012	24,287	12,336	36,623
Exchange differences	-207	-85	-292
Additions amortization	0	7,026	7,026
Additions impairments	0	2,181	2,181
Transfers	0	3	3
Disposals	0	-3	-3
31 December 2012	24,080	21,458	45,538
Carrying value			
31 December 2012	65,560	61,091	126,651
31 December 2011	58,734	48,457	107,191

As of 31 December 2013, commitments for acquisitions of intangible assets amounted to TEUR 0 (2012: TEUR 0).

1. Goodwill

Impairment testing for each cash generating unit was computed by using their value in use, which is based on the estimated future cash flows and a 11.9% - 15.6% (2012: 11.2% - 14.9%) capital cost rate before taxes (WACC = Weighted Average Costs of Capital). The WACC was determined based on the current figures for similar companies in the same industry segment and adjusted for specific inflation rates in different countries. A detailed planning period of 3 years is used, which is based on the budgets of the management. For the terminal period, a fixed growth rate of 1% was considered.

Cash flows are determined based on revenue expectations and planned capital expenditures. The value in use of the cash generating unit is largely determined by sales revenues. Organic sales growth has been taken into account in the cash flow estimation. Sales plans are based on the demand forecasts of our main customers on the one hand and on the current backlog of orders and expected market growth according to industry analyses on the other hand. In addition, margin plans are derived from the estimated product mix (based on purchase orders on hand and feedback of the sales departments) and estimated cost developments of material (based on price indications of current suppliers and material price development on commodity markets and deducible trends) and planned capital expenditures. Furthermore, estimated personnel development (based on planned headcount, required qualification of employees and expected personnel cost based on current economic climate) is considered.

The impairment tests carried out as of 31 December 2013 and 2012 demonstrated that no write-down of goodwill was necessary. The Company prepared sensitivity analyses for all cash generating units, which revealed that except for the cash generating unit Godwin-SBO L. L. C. any realistic changes in planned cash flows or capital costs would not result in any impairment requirements. For the cash generating unit Godwin-SBO L. L. C. a slight increase of the discount rate by 0.5 percentage points or a decrease of the expected cash flows by 3.0% would lead to a write-down of the related goodwill.

Goodwill amounts according to the balance sheet refer to the following cash generating units:

in TEUR	31 December 2013	31 December 2012
Drilling Systems International Limited	18,206	19,009
Knust-SBO L. L. C.	13,828	14,454
Godwin-SBO L. L. C.	12,390	12,925
Schoeller-Bleckmann Oilfield Technology GmbH	4,655	4,655
Schoeller-Bleckmann Oilfield Equipment (UK) Limited	3,675	3,675
Techman Engineering Limited	1,550	1,590
BICO Drilling Tools Inc.	9,086	1,425
BICO Faster Drilling Tools Inc.	127	142
Goodwill not yet assigned to cash generating units	0	7,685
Total	**63,517**	**65,560**

Relating to a business combination in 2012 goodwill at TEUR 7,685 was temporarily allocated to the segment “Europe”. After final evaluation of the expected synergies from the acquisition of the developing engineering company goodwill was allocated to the cash generating unit BICO Drilling Tools Inc. within the segment “North America” in 2013. Mainly, synergies are expected from competitive advantages due to the extension of the existing product programs in North America.

Further changes in the carrying amounts 2013 were exclusively due to the conversion of foreign exchange amounts.

2. Other intangible assets

Other intangible assets mainly comprise acquired technology and non-compete agreements. In the year 2013 impairment at TEUR 7,517 was recorded in the segment "Europe" relating to acquired technology not yet in use which was allocated to the developing engineering company as cash generating unit. This impairment was the result of delays in the current product development and the corresponding planning adjustments. The recoverable amount at TEUR 13,144 is determined based on the value in use considering the company's business plans and is calculated by discounting the expected future cash flows resulting from the technology over the remaining service life using a discount rate of 51.5%. This discount rate includes an adequate risk component pertaining to the current status of the company. A reduction of planned cashflows by 10% would increase the required impairment amount by approximately TEUR 1,500.

In 2012 impairment of TEUR 2,181 relating to this technology was booked under other operating expenses (research and development expenses). In order to enhance clarity of presentation of the Company's financial performance this impairment amount was retrospectively reclassified to "impairment on other intangible assets". See Note 4 – Retrospective adjustments.

In addition, other intangible assets comprise right-of-use for IT software.

Note 10

Long-term receivables and assets

This line item mainly refers to interest-bearing loans which have been granted to the management of subsidiaries of the Company for the acquisition of stock or participation rights in their respective companies (also see Note 19). As the stock has to be returned in the event of non-compliance with the loan agreements, there is no material credit risk for the Group.

in TEUR	31 December 2013	31 December 2012
Loans	16,621	17,530
Other receivables and assets	425	206
Total	**17,046**	**17,736**

As there were no past-due receivables, no write-downs had to be made either as of 31 December 2013 or 31 December 2012.

Other receivables and assets are not secured.

Note 11

Deferred taxes

The Company's deferred tax assets and deferred tax payables result from the following positions:

in TEUR	31 December 2013	31 December 2012
Property, plant & equipment (differences in useful lives)	-6,033	-6,487
Property, plant & equipment (differences in valuation)	-4,374	-5,901
Other intangible assets (differences in useful lives)	-267	-200
Goodwill and other intangible assets (differences in valuation)	-9,877	-11,575
Inventories (differences in valuation)	6,001	8,845
Write-down in subsidiaries	1,200	58
Other items (differences in valuation)	823	1,239
Not deductible accruals	2,755	2,195
Exchange differences intercompany debt elimination	-592	-1,221
Tax loss carry forwards	3,163	2,454
Total	**-7,201**	**-10,593**

The line items as reflected in the group balance sheet:

in TEUR	31 December 2013	31 December 2012
Deferred tax assets	11,681	12,356
Deferred tax liabilities	-18,882	-22,949
Total	**-7,201**	**-10,593**

Not recognized are deferred tax assets in the amount of TEUR 528 (2012: TEUR 232) related to tax loss carried forwards, because the utilization of these losses could not be expected for the foreseeable future (thereof TEUR 61 (2012: TEUR 140) must be utilized until 2014, the balance has indefinite duration).

Relating to consolidated subsidiaries included in the consolidated financial statements differences exist between the tax base of equity interests and the proportional share of equity (outside basis differences) which in particular result from retained earnings and uncovered losses. Such timing differences as at 31 December 2013 amount to TEUR 68,478 due to the fact that dividend payments or the sale of certain subsidiaries would be taxable. However, as the Group does not plan dividends or sales relating to these subsidiaries in the foreseeable future no tax deferrals were recognized according to IAS 12.39. For planned dividend payments deferred tax liabilities of TEUR 362 were recognized at 31 December 2013.

Note 12

Bank loans and overdrafts

As of 31 December 2013, the short-term loan arrangements were as follows:

Currency	Amount in TEUR	Interest rate in %
USD loans	8,701	1.30% variabel
GBP loans	7,197	1.16% variabel
Subtotal	15,898	
Export promotion loans (EUR)	16,234	0.63% variabel
Total	**32,132**	

As of 31 December 2012, the short-term loan arrangements were as follows:

Currency	Amount in TEUR	Interest rate in %
USD loans	9,095	1.10% variabel
GBP loans	6,126	1.36% variabel
Subtotal	15,221	
Export promotion loans (EUR)	16,234	0.78% variabel
Total	**31,455**	

The **export promotion loans** represent revolving short-term credit facilities; according to those arrangements the Company may use these funds permanently as long as it complies with the terms of agreement. In accordance with export promotion guidelines, the Company has agreed to assign receivables in the amount of TEUR 19,480 (2012: TEUR 19,480) to securitize these loans.

The **USD borrowings** due to banks in the amount of TEUR 8,701 (2012: TEUR 9,095) are collateralized by specific current assets of the borrowing company (“floating charge”).

Note 13

Government grants

The subsidies include a grant by the Federal Investment and Technology Fund, as well as other investment subsidies received for the acquisition of fixed assets, and investments in research and development. For some investment grants specific covenants have to be met (e. g. number of workers employed), as was the case at the balance sheet dates 2013 and 2012.

Note 14

Other payables

Other short-term payables were as follows:

in TEUR	31 December 2013	31 December 2012
Vacation not yet used	1,792	1,867
Other personnel expenses	11,113	12,025
Legal and other counseling fees	701	644
Taxes	2,259	2,350
Social expenses	1,270	1,435
Option commitment relating to cancelable non-controlling interests	4,160	6,054
Earn-outs from business combinations	1,978	1,291
Sundry payables	4,249	4,739
Total	**27,522**	**30,405**

In the course of a business combination in 2012, the Company offered to the non-controlling shareholders the right to sell their remaining interest to the Company at any time, whereas the Company is obliged to purchase the offered shares. The purchase price for these shares is based on the achieved financial results of the acquired entity. As at 31 December 2013 an option commitment relating to cancelable non-controlling interests in the amount of TEUR 4,160 (2012: TEUR 6,054) was recognized.

Regarding contingent purchase price payments relating to cancelable non-controlling interests please see Note 19.

Note 15

Other provisions

The other provisions developed as follows:

Year 2013 in TEUR	31 Dec. 2012	Usage	Reversal	Additions	31 Dec. 2013
Warranty/ Product liability	4,316	-427	0	5,352	9,241
Restructuring	575	0	-575	0	0
Other	1,882	-113	-1,709	9	69
Total	**6,773**	**-540**	**-2,284**	**5,361**	**9,310**

Year 2012 in TEUR	31 Dec. 2011	Usage	Reversal	Additions	31 Dec. 2012
Warranty/ Product liability	4,172	-441	0	585	4,316
Restructuring	575	0	0	0	575
Other	1,478	-59	-102	565	1,882
Total	**6,225**	**-500**	**-102**	**1,150**	**6,773**

Due to nonconformance of parts delivered within a comprehensive single order a warranty provision of TEUR 4,720 relating to this particular case was recognized in 2013.

Major items in the line „other provisions“ refer to pending proceedings and governmental instructions.

It is expected that the costs accounted for in short-term provisions will be incurred in the following business year.

At the end of 2013 a competitor claimed patent infringements by a subsidiary of SBO. Management evaluates this complaint to be entirely unfounded and vigorously rejects any allegations. Based on the current circumstances a reliable estimate on the amount of a potential obligation can not yet be made and is not evaluated to be probable. Accordingly, no provision was recognized in the consolidated financial statements as of 31 December 2013.

Note 16

Bonds

In June 2008, two bonds with a total face value of MEUR 20.0 each were issued, in the form of 800 equally ranking bearer debentures with a par value of EUR 50,000 each.

The debentures were 100% securitized by two changeable collective certificates which were deposited with Oesterreichische Kontrollbank Aktiengesellschaft in Vienna on the day of issuance. Individual debentures or coupons have not been issued.

The annual interest rates on the debentures until maturity are 5.75% (on bond 2008-2013) and 5.875% (on bond 2008-2015), related to their par values. The interest is payable in arrears, on 18 June of each year. One of these debentures was repaid on 18 June 2013 in the amount of the par value, i. e., MEUR 20.0; the redemption of the second debenture in the amount of the par value, i. e., MEUR 20.0 will be on 18 June 2015.

The bonds are traded in the third market at the Vienna Stock Exchange under ISIN AT0000A09U32 and AT0000A09U24.

Note 17

Long-term loans including current portion (amortization in following year)

As of 31 December 2013, long-term borrowings consist of the following:

Currency	Amount in TEUR	Interest rate in %	Term	Repayment
EUR	2,712	0.00 % fix	2008 – 2024	quarterly from 2011
EUR	20,000	3.11 % fix	2013 – 2020	2020
EUR	10,000	3.11 % fix	2013 – 2020	2020
EUR	7,500	0.50 % fix	2013 – 2019	semi-annually from 2015
EUR	8,000	3.10 % fix	2010 – 2018	2018
EUR	25,000	3.05 % fix	2010 – 2018	semi-annually from 2012
EUR	1,804	0.00 % fix	2011 – 2017	quarterly from 2012
EUR	5,000	2.40 % fix	2012 – 2017	2017
EUR	10,000	2.31 % fix	2012 – 2017	2017
EUR	15,000	2.40 % fix	2012 – 2017	2017
EUR	2,084	4.73 % fix	2009 – 2016	semi-annually from 2010
EUR	5,000	5.25 % fix	2009 – 2016	2016
EUR	706	3.99 % fix	2006 – 2015	semi-annually
EUR	1,733	0.00 % fix	2008 – 2015	quarterly from 2011
EUR	1,954	2.25 % fix	2009 – 2015	semi-annually from 2011
EUR	5,000	2.55 % fix	2010 – 2015	yearly from 2013
EUR	66	2.50 % fix	2008 – 2014	2014
EUR	70	2.00 % fix	2010 – 2014	2014
EUR	722	2.25 % fix	2008 – 2014	semi-annually from 2010
USD	437	6.35 % fix	2003 – 2016	monthly
	122,788			

The following borrowings were collateralized:

- EUR-loans:
  TEUR 14,471 – land and building and machinery pledged with a carrying-value of TEUR 21,844.

- USD-loans:
  TEUR 437 – mortgage on land and building with a carrying-value of TEUR 1,347.

As of 31 December 2012, long-term borrowings consist of the following:

Currency	Amount in TEUR	Interest rate in %	Term	Repayment
EUR	2,977	0.00 % fix	2008 – 2024	quarterly from 2011
EUR	8,000	3.10 % fix	2010 – 2018	2018
EUR	30,000	3.05 % fix	2010 – 2018	semi-annually from 2012
EUR	2,285	0.00 % fix	2011 – 2017	quarterly from 2012
EUR	5,000	2.40 % fix	2012 – 2017	2017
EUR	10,000	2.31 % fix	2012 – 2017	2017
EUR	15,000	2.40 % fix	2012 – 2017	2017
EUR	2,917	4.73 % fix	2009 – 2016	semi-annually from 2010
EUR	5,000	5.25 % fix	2009 – 2016	2016
EUR	1,177	3.99 % fix	2006 – 2015	semi-annually
EUR	2,503	0.00 % fix	2008 – 2015	quarterly from 2011
EUR	3,257	2.25 % fix	2009 – 2015	semi-annually from 2011
EUR	6,000	2.55 % fix	2010 – 2015	annually from 2013
EUR	66	2.50 % fix	2008 – 2014	2014
EUR	70	2.00 % fix	2010 – 2014	2014
EUR	2,166	2.25 % fix	2008 – 2014	semi-annually from 2010
EUR	1,500	1.40 % variabel	2010 – 2013	annually from 2012
EUR	2,400	4.79 % fix	2008 – 2013	semi-annually from 2010
USD	595	6.35 % fix	2003 – 2016	monthly
	100,913			

The following borrowings were collateralized:

- EUR-loans:
  TEUR 9,931 – Machinery pledged with a carrying-value of TEUR 10,685.

- USD-loans:
  TEUR 595 – Mortgage on land and building with a carrying-value of TEUR 1,449.

Adjustments to variable interest rates are made quarterly.

Referring to disclosures on the fair value of the loans see Note 31, regarding interest rate risk and hedging see Note 32.

Note 18

Employee benefit obligations

As of the balance sheet date, the employee benefit obligations consisted of the following:

in TEUR	31 December 2013	31 December 2012
Severance payments	4,728	4,706
Jubilee payments for long service	1,259	1,178
Total	**5,987**	**5,884**

The actuarial assumptions for the provisions of severance payments were as follows:

	2013	2012
Interest rate	3.00%	3.00%
Salary increases	4.50%	4.50%
Fluctuation rate (mark-down)	0.0 – 15.0%	0.0 – 15.0%

Provisions were determined based on mortality tables AVÖ 2008-P (2012: AVÖ 2008-P) of Pagler & Pagler. Remeasurements of provisions for severance payments (actuarial gains or losses) are recognized under other comprehensive income according to IAS 19 (2011) (see Note 4 – Retrospective adjustments).

No contributions were made to separately maintained funds for these obligations.

Provisions for severance payments

The status of the accrual for severance payments has developed as follows:

in TEUR	2013	2012 adjusted *)
Defined benefit obligation as of 1 January	4,706	3,620
Current service cost	240	184
Interest cost	140	161
Total expenses for severance payments	380	345
Remeasurements during the year	-255	906
Current severance payments	-103	-165
Defined benefit obligation as of 31 December	**4,728**	**4,706**

*) See Note 4 - Retrospective adjustments

The expenses shown in the table are recognized within profit and loss under personnel expenses of each functional cost group (see Note 25).

Remeasurements recognized under other comprehensive income according to IAS 19 (2011) are as follows:

in TEUR	2013	2012 adjusted *)
Remeasurement of obligations		
from changes to demographic assumptions	0	0
from changes to financial assumptions	0	703
adjustments based on past experience	-255	203
Total	**-255**	**906**

*) See Note 4 - Retrospective adjustments

The average duration of the defined benefit plan obligation as of 31 December 2013 is 14.5 years (2012: 15.8 years).

Sensitivity analysis

The effects on the obligations resulting from changes in significant actuarial assumptions were presented in the following sensitivity analyses. One significant factor of influence was changed in each case, while the remaining factors were held constant. In reality, however, these factors of influence are more likely to be correlated. The changed obligation was determined in accordance with IAS 19 (2011) in the same way as the actual obligation, using the projected unit credit method.

Severance payments		**Present value of obligation (DBO) 31 December 2013**	
in TEUR	**Change in assumption**	**increase in assumption**	**decrease in assumption**
Interest rate	+/- 0.5 percentage points	-235	+259
Increases in salaries	+/- 0.5 percentage points	+251	-231

Pension plans (defined contributions)

Payments made under the defined contribution plans (pensions and other providence funds) were expensed and amounted to TEUR 559 in 2013 (2012: TEUR 775). For the following year, a similar amount of contributions is expected to be paid as in the current financial year.

Note 19

Other payables

Other long-term payables were as follows:

	31 December 2013	31 December 2012
Management interest	24,066	22,572
Contingent considerations	6,982	11,140
Participation rights	4,122	3,810
Non-compete agreements	2,308	2,588
Interest swap	139	279
Other obligations	0	80
Total	**37,617**	**40,469**

Other payables include contingent considerations from business combinations in the amount of TEUR 8,960, thereof short-term TEUR 1,978 (2012: TEUR 12,431, thereof short-term TEUR 1,291). The contingent purchase price payments determined as a certain percentage of achieved sales (to a certain extent when sales are exceeding a contractually agreed upon amount) are to be paid on a yearly basis with a residual term of further 2-6 years.

The liabilities for contingent purchase price payments were adjusted through profit and loss in 2013: increases are recorded as other financial expenses of TEUR -842 (2012: TEUR -2,518), decreases are recorded as other financial income of TEUR +3,547 (2012: TEUR +252). These adjustments were derived from discounting expected payments based on the most recent sales forecasts.

For the settlement of contingent purchase price payments in 2013 the payments exceeded the accrued amount in the previous balance sheet by TEUR 103 (2012: TEUR 88). Differences from settlements are recorded under other financial income or expenses, respectively. The addition of accrued interest related to liabilities for contingent purchase price payments in the amount of TEUR 1,004 (2012: TEUR 275) is recognized under interest expenses.

The management of the following (fully consolidated) subsidiaries held the following interest in their respective companies:

Company	31 December 2013	31 December 2012
BICO Drilling Tools Inc.	15.00 %	15.00 %
BICO Faster Drilling Tools Inc.	15.00 %	15.00 %
Schoeller-Bleckmann Energy Services L. L. C.	11.20 %	12.20 %
Schoeller-Bleckmann Darron Limited	9.00 %	9.85 %
Techman Engineering Limited	8.65 %	0.00 %
Knust-SBO L. L. C.	6.40 %	5.40 %
Schoeller-Bleckmann Darron (Aberdeen) Limited	5.35 %	7.35 %
Godwin-SBO L. L. C.	3.40 %	3.40 %
Schoeller-Bleckmann de Mexico S. A. de C. V.	3.00 %	3.00 %
Darron Tool & Engineering Limited	2.95 %	1.05 %

Accordingly, the management holds pro-rated shares in these companies.

As of 31 December 2013 participation rights were granted by Schoeller-Bleckmann Oilfield Technology GmbH, Ternitz, and DSI FZE, Dubai (2012: BICO-DSI Investment GmbH, Ternitz).

The effective interest expense recorded for management interest and participation rights in 2013 at TEUR 5,387 (2012: TEUR 3,508) is recorded under interest expenses. In 2012 these effective interest expenses were recognized under other financial expenses. In order to enhance accurate presentation of the Company's financial performance these expenses were reclassified retrospectively into interest expenses (see Note 4 – Retrospective adjustments).

Note 20

Share capital

The share capital of the Company as of 31 December 2013 as well as of 31 December 2012 was EUR 16 million; divided into 16 million common shares with a par value of EUR 1.00 each.

The Ordinary Shareholders' Meeting on 25 April 2012 authorized the Management Board for a period of 30 months to buy back own shares of the Company up to a maximum of 10% of the share capital, the redemption price has to be EUR 1.00 at least and EUR 300.00 at the most. In 2013 the Company acquired 47,877 own shares for a purchase price of TEUR 3,684. In 2012 this right was not exercised.

As of 31 December 2013, the Company holds 87,761 of its own shares (2012: 39,884 shares) at acquisition costs of TEUR 5,238 (2012: TEUR 1,554), equaling a 0.55% share in its capital stock (2012: 0.25%). There are 15,912,239 shares in circulation (2012: 15,960,116).

In connection with the business combination with EXOKO COMPOSITES COMPANY LLC. in 2010, a conditional earn-out of 50,000 shares of the Company would become due, if future sales levels are achieved as agreed. Since the sales target was not met in 2013, no dilution in the number of shares in circulation was effected at 31 December 2013.

As of 31 December 2013, approximately 31% of the share capital is held by Berndorf Industrieholding AG, Berndorf (2012: 31%).

Note 21

Legal reserve - non-distributable

Austrian law requires the establishment of a legal reserve in the amount of one tenth of the nominal value of the Company's share capital. As long as the legal reserve and other restricted capital reserves have not reached such an amount, the Company is required to allocate five percent of its annual net profit (net of amounts allocated to make up losses carried forward from prior years, after changes in untaxed reserves have been taken into consideration) to such reserves. For the formation of such reserves, only the annual financial statements of the parent company are relevant, which are prepared in accordance with Austrian Accounting Principles. No further allocation is required because of the contributions already made.

Note 22

Other reserves

The other reserves as shown in the balance sheet result from accelerated depreciation on specific, non-current assets for which a tax break is available. These reserves are untaxed profit allocations.

Note 23

Non-controlling interests

The amount in the balance sheet represents the portion of the equity which is held by non-controlling interests relating to the following companies:

	2013	2012
BICO-DSI Investment GmbH	10%	10%
DSI FZE	10%	10%
Drilling Systems International Limited	10%	10%

Note 24

Additional breakdown of revenues

Net sales consist of:

in TEUR	2013	2012
Sale of goods and services	361,897	416,120
Operating lease revenue	96,676	96,026
Total net sales	**458,573**	**512,146**

The Company leases drilling machinery under operating leases with terms of less than a year. The respective leasing fees are charged to customers according to the duration of use.

Note 25

Additional breakdown of expenses

As the Company classifies its expenses by function, the following additional information is given as required by IAS 1 (disclosure according to "total cost accounting method"):

in TEUR	2013	2012 adjusted *)
Material expenses	171,719	229,109
Personnel expenses	97,868	104,628
Depreciation property plant & equipment	32,124	30,403
Amortization other intangible assets (including impairments)	14,213	9,207

*) See Note 4 - Retrospective adjustments

Note 26

Other operating income and expenses

The main contents in the position **other operating expenses** are:

in TEUR	2013	2012 adjusted *)
Exchange losses	7,937	11,491
Research and development expenses	5,601	3,728

*) See Note 4 - Retrospective adjustments

Up to present development costs were not capitalized due to the uncertainties of the future economic benefits attributable to them.

The main contents in the position **other operating income** are:

in TEUR	2013	2012
Exchange gains	6,333	12,218
Other income	3,599	3,125

Note 27

Income taxes

A **reconciliation of income taxes** applying the Austrian statutory tax rate to income taxes stated for the Group is as follows:

in TEUR	2013	2012 adjusted *)
Income tax expense at tax rate of 25%	-20,982	-27,760
Foreign tax rate differentials	-1,475	-3,657
Not deductable expenses	-845	-620
Income exempt from tax and tax incentives	3,210	1,509
Withholding and other foreign taxes	-1,771	-1,709
Prior year adjustments	229	-110
Tax loss carryforwards not recognized	-369	0
Other differences	-601	-1,771
Consolidated income tax expense	**-22,604**	**-34,118**
Profit before tax	83,928	111,042
Profit allocation to management participations	3,537	3,508
	87,465	**114,550**
Consolidated income tax expense	**-22,604**	**-34,118**
Consolidated tax rate	25.8 %	29.8 %

*) See Note 4 - Retrospective adjustments

The **components of income taxes** were as follows:

in TEUR	2013	2012 adjusted *)
Current taxes	-25,138	-35,169
Deferred taxes	2,534	1,051
Total	**-22,604**	**-34,118**

*) See Note 4 - Retrospective adjustments

Deferred taxes mainly result from the formation and reversal of temporary differences and the capitalization of current tax losses.

The following income taxes were recognized under "other comprehensive income":

in TEUR	2013	2012 adjusted *)
Current taxes		
Exchange rate differences	-59	-144
Remeasurements IAS 19 (2011)	-64	226
Deferred taxes		
Exchange rate differences	252	205
Total	**129**	**287**

*) See Note 4 - Retrospective adjustments

The total balance of deferred taxes included in the balance sheet was increased by TEUR 606 during 2013 due to exchange rate differences.

The utilization of tax loss carry forwards reduced effective taxes by TEUR 0 in 2013 (2012: TEUR 235). Changes in income tax rates in 2013 had a positive effect on income taxes in the amount of TEUR 140.

The payment of dividends to the shareholders will not result in any implications on income taxes for the business year 2013 and the comparative period of 2012 for the Company.

Note 28

Segment reporting

The Company operates worldwide mainly in one industry segment, the designing and manufacturing of drilling equipment for the oil and gas industry.

For management purposes, the Group is organized into regions. Accordingly, the segment reporting is made by regions, the allocation of the business units is based on the location of the business units. No operating segments have been aggregated to form the reportable operating segments. Management monitors revenues and operating results of the business units separately for the purpose of making decisions about resource allocation.

As the figures stated represent a summary of the single balance sheets and income statements of the consolidated companies, holding adjustments and consolidation entries (elimination of intercompany profits and other group transactions) have to be taken into account, in order to arrive at the reported group numbers.

Intersegment sales are carried out in accordance with the “at arm’s length“ principle.

As shown in the following schedule, the Company’s operations are concentrated in North America and Europe:

Year 2013 in TEUR	Europe	North America	Other regions	SBO-Holding & consolidation adjustments	SBO Group
Sales by origin					
External sales	133,347	267,251	57,975	0	458,573
Intercompany sales	94,245	17,562	4,342	-116,149	0
Total sales	227,592	284,813	62,317	-116,149	458,573
Operating income	51,044	36,320	8,516	-5,677	90,203
Attributable assets	220,753	300,985	104,456	77,266	703,461
Attributable liabilities	106,161	88,291	32,828	93,994	321,274
Capital expenditure	38,905	16,222	7,594	36	62,757
Depreciation & amortization	19,246	17,471	7,464	2,156	46,337
thereof impairments	7,517	0	0	0	7,517
Write-ups	1,264	0	0	0	1,264
Head count (average)	717	612	212	23	1,564

Year 2012 in TEUR	Europe	North America	Other regions	SBO-Holding & consolidation adjustments	SBO Group
Sales by origin					
External sales	138,914	320,972	52,260	0	512,146
Intercompany sales	123,799	22,730	4,080	-150,609	0
Total sales	262,713	343,702	56,340	-150,609	512,146
Operating income (adjusted) *)	65,114	56,768	6,986	-7,696	121,172
Attributable assets	193,268	315,018	102,126	88,026	698,438
Attributable liabilities	98,777	105,566	35,779	95,186	335,308
Capital expenditure	16,702	26,554	8,244	1,738	53,238
Depreciation & amortization	11,316	18,306	7,327	2,661	39,610
Thereof impairments	2,181	0	0	0	2,181
Head count (average)	693	656	189	21	1,559

*) See Note 4 - Retrospective adjustments

Sales by product line

in TEUR	2013	2012
High-precision components	237,010	283,373
Oilfield supplies and services	221,563	228,773
Total Sales	**458,573**	**512,146**

The following categories are used, based on the intended purpose of the goods and services.

1. High-precision components

For applications in the MWD/LWD technology sector, collars and internals made of highly alloyed steel and other non-magnetic metals are required. These collars and internals are used to mount antennas, sensors, batteries, generators and other kind of electronic parts, for making measurements and analyses during the drill operation. All those components need the utmost high dimensional accuracy in intricate machining.

2. Oilfield supplies and services

This group comprises the following products:

- Non-Magnetic Drill Collars (NMDC), steel bars which are used to prevent magnetic interference during MWD operations.
- Drilling motors, which drive the bit for directional drilling operations.
- Circulation tools steer the flow direction of drilling muds in the drill string.
- Various other tools for the oilfield such as stabilizers, reamers, hole openers, drilling jars and shock tools.

In addition to the manufacture of the above mentioned products, service and repair work is carried out. These activities focus on drillstring components which need to be inspected, checked for magnetic inclusions, rethreaded, buttwelded, resurfaced with hard metal, reground, shot peened, etc. as quickly as possible and with the highest standard in workmanship.

Geographic information:

Sales to external customers were as follows:

in TEUR	2013	2012
Austria	2,949	3,303
Great Britain	48,313	40,726
U. S. A.	252,540	283,908
Other countries	154,771	184,209
Total Sales	**458,573**	**512,146**

The classification is based on the location of the customer.

For information regarding most important customers we refer to Note 32.

Long-term assets are located as follows:

in TEUR	2013	2012
Austria	64,638	44,357
Great Britain	58,126	61,069
U. S. A.	102,355	108,860
Other countries	72,453	77,827
Total Sales	**297,572**	**292,113**

Assets are classified according to the location of the entity.

Note 29

Remuneration for the executive and supervisory board

The remuneration paid to the Executive Board was as follows:

2013 in TEUR	fixed	variable	total
Gerald Grohmann	439	626	1,065
Franz Gritsch	356	483	839
Total	**795**	**1,109**	**1,904**

2012 in TEUR	fixed	variable	total
Gerald Grohmann	444	608	1,052
Franz Gritsch	355	474	829
Total	**799**	1,082	**1,881**

Expenses for pensions and severance payments relating to the Executive Board amounted to TEUR 187 (2012: TEUR 442). Thereof, TEUR 97 (2012: TEUR 294) referred to defined contribution pension plans

The remuneration for the Supervisory Board amounted to TEUR 128 in the business year 2013 (2012: TEUR 93), which is a combination of a flat rate and a variable rate depending on the Group´s results.

In 2013 and 2012 no loans were granted to the members of the Executive Board or to the Supervisory Board, respectively.

Note 30

Transactions with related parties

The following transactions with related but non-consolidated companies and persons were carried out at generally acceptable market conditions:

The law firm Schleinzer & Partner is the legal consultant to the Company. One of the law firm´s partners, Dr. Karl Schleinzer, is a member of the Supervisory Board. Total charges for 2013 amounted to TEUR 36 (2012: TEUR 36), thereof outstanding as of 31 December 2013 is TEUR 0 (31 December 2012: TEUR 12).

In the business year 2013 BICO-DSI Investment GmbH, Ternitz paid dividends to its shareholders at a total amount of TEUR 2,450 (2012: TEUR 0). Thereof TEUR 245 were paid to the executive board member of SCHOELLER-BLECKMANN Oilfield Equipment AG, Gerald Grohmann, who held 10% of the shares of this company during the full year 2013.

Note 31

Financial instruments

Derivative Financial Instruments

1. Forward exchange contracts

The Austrian company hedges its net receivables and order backlog denominated in US dollars and CAN dollars on an ongoing basis by entering into forward exchange contracts. All transactions have short-term durations (3 – 8 months).

Forward exchange transactions as of 31 December 2013	Hedged receivables in TEUR	Receivables at balance sheet date rates in TEUR	Fair value in TEUR
USD	22,776	22,444	+332
CAD	1,870	1,799	+71

Forward exchange transactions as of 31 December 2012	Hedged receivables in TEUR	Receivables at balance sheet date rates in TEUR	Fair value in TEUR
USD	33,322	32,580	+742
CAD	2,295	2,202	+93

The forward exchange transactions are measured at fair value and recognized in the profit and loss statement, since the requirements under IAS 39 for hedge accounting are not fully met.

2. Interest swap

The Company entered into an interest swap until 2015. For this purpose, a variable interest rate was swapped with a fixed interest rate of 5.48%.

The fair value at 31 December 2013 amounted to TEUR - 139 (31 December 2012: TEUR - 279), the variance was expensed into profit and loss.

3. Other derivative financial instruments

The Group has recognized liabilities for contingent purchase price payments from business combinations (see Note 19) and an option commitment relating to cancelable non-controlling interests (see Note 14).

Overview financial instruments

The following table shows the financial instruments, classified in accordance with IAS 39 and IFRS 7:

FINANCIAL INSTRUMENTS

31.12.2013 in TEUR		Category acc. to IAS 39			Classification acc. to IFRS 7: Valuation method						
					Fair value	Amortized costs					
		Loans and receivables	Other financial liabilities	Derivatives	Derivatives	Cash and cash equivalents	Accounts receivable trade	Lendings	Financing liabilities	Accounts payable trade	Other
Current assets											
Cash and cash equivalents	158,366	158,366				158,366					
Trade accounts receivable	78,636	78,636					78,636				
Income tax receivable	0										
Other accounts receivable and prepaid expenses	7,103			393	393						
Inventories	133,057										
Total current assets	**377,162**										
Non-current assets											
Property, plant & equipment	188,430										
Goodwill	63,517										
Other intangible assets	45,625										
Long-term receivables	17,046	16,621						16,621			
Deferred tax assets	11,681										
Total non-current assets	**326,299**										
TOTAL ASSETS	**703,461**	**253,623**	**0**	**393**	**393**	**158,366**	**78,636**	**16,621**	**0**	**0**	**0**
Current liabilities											
Bank loans and overdrafts	32,132		32,132						32,132		
Current portion of bonds	0		0						0		
Current portion of long-term loans	12,622		12,622						12,622		
Finance lease obligations	81		81						81		
Accounts payable trade	35,347		35,347							35,347	
Government grants	294										
Income taxes payable	10,872										
Other payables	27,522		4,249	6,138	6,138						4,249
Other provisions	9,310										
Total current liabilities	**128,180**										
Non-current liabilities											
Bonds	19,980		19,980						19,980		
Long-term loans	110,166		110,166						110,166		
Finance lease obligations	0		0						0		
Government grants	462										
Retirement benefit obligations	5,987										
Other payables	37,617		30,496	7,121	7,121				28,188		2,308
Deferred tax payables	18,882										
Total non-current liabilities	**193,094**										
Shareholders´ equity											
Share capital	15,912										
Contributed capital	61,567										
Legal reserve - non-distributable	785										
Other reserves	26										
Translation component	-30,203										
Retained earnings	332,257										
Non-controlling interests	1,843										
Total shareholders´ equity	**382,187**										
TOTAL LIABILITIES AND SHAREHOLDERS´ EQUITY	**703,461**	**0**	**245,073**	**13,259**	**13,259**	**0**	**0**	**0**	**203,169**	**35,347**	**6,557**

FINANCIAL INSTRUMENTS

31.12.2012 in TEUR		Category acc. to IAS 39			Classification acc. to IFRS 7: Valuation method						
					Fair value	Amortized costs					
		Loans and receivables	Other financial liabilities	Derivatives	Derivatives	Cash and cash equivalents	Accounts receivable trade	Lendings	Financing liabilities	Accounts payable trade	Other
Current assets											
Cash and cash equivalents	138,260	138,260				138,260					
Trade accounts receivable	71,854	71,854					71,854				
Income tax receivable	1,497										
Other accounts receivable and prepaid expenses	6,649			835	835						
Inventories	157,973										
Total current assets	**376,233**										
Non-current assets											
Property, plant & equipment	165,462										
Goodwill	65,560										
Other intangible assets	61,091										
Long-term receivables	17,736	17,530						17,530			
Deferred tax assets	12,356										
Total non-current assets	**322,205**										
TOTAL ASSETS	**698,438**	**227,644**	**0**	**835**	**835**	**138,260**	**71,854**	**17,530**	**0**	**0**	**0**
Current liabilities											
Bank loans and overdrafts	31,455		31,455						31,455		
Current portion of bonds	19,988		19,988						19,988		
Current portion of long-term loans	15,606		15,606						15,606		
Finance lease obligations	189		189						189		
Accounts payable trade	37,819		37,819							37,819	
Government grants	358										
Income taxes payable	17,316										
Other payables	30,405		4,739	7,345	7,345						4,739
Other provisions	6,773										
Total current liabilities	**159,909**										
Non-current liabilities											
Bonds	19,963		19,963						19,963		
Long-term loans	85,307		85,307						85,307		
Finance lease obligations	83		83						83		
Government grants	744										
Retirement benefit obligations	5,884										
Other payables	40,469		29,051	11,418	11,418				26,382		2,669
Deferred tax payables	22,949										
Total non-current liabilities	**175,399**										
Shareholders´ equity											
Share capital	15,960										
Contributed capital	65,203										
Legal reserve - non-distributable	785										
Other reserves	29										
Translation component	-15,956										
Retained earnings	295,382										
Non-controlling interests	1,727										
Total shareholders´ equity	**363,130**										
TOTAL LIABILITIES AND SHAREHOLDERS´ EQUITY	**698,438**	**0**	**244,200**	**18,763**	**18,763**	**0**	**0**	**0**	**198,973**	**37,819**	**7,408**

Fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have significant effects on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial instruments measured at fair value are classified as follows:

2013 in TEUR	Balance sheet item	Total	Level 2	Level 3
Assets				
Derivatives	Other receivables and assets	394	394	0
Liabilities				
Derivatives	Other liabilities	-13,259	-139	-13,120

2012 in TEUR	Balance sheet item	Total	Level 2	Level 3
Assets				
Derivatives	Other receivables and assets	835	835	0
Liabilities				
Derivatives	Other liabilities	-18,763	-279	-18,484

During the reporting years 2013 and 2012, there were no transfers between level 1 and level 2 fair value measurements. In general, if required, transfers are carried out at the end of each reporting period.

Derivatives shown under level 3 only consist of contingent liabilities for purchase price payments, which are disclosed in Note 14 and 19, and the option commitment relating to cancelable non-controlling interests to purchase the offered shares from the minority shareholders due to the business combinations (see Note 14).

The development in 2013 was as follows:

in TEUR	2013	2012
As of 1 January	-18,484	-7,275
Additions from business combinations	0	-3,275
Addition from option commitment relating to cancelable non-controlling interests	-486	-6,313
Addition of accrued interest	-3,323	-2,379
Revaluation gains	8,246	2,615
Revaluation losses	-842	-2,518
Disposals from settlements of contingent purchase price payments	1,366	449
Currency adjustment	403	212
As of 31 December	**-13,120**	**-18,484**

Revaluation gains and losses as shown in the table above refer to financial instruments still existing at balance sheet date. Revaluation gains are recognized under other financial income, revaluation losses under other financial expenses.

In 2013 an unilateral capital increase by one of the option holding non-controlling interests resulted in an increase of the option liability by TEUR 486 and a reduction of consolidated equity by TEUR 131.

The foreign currency forward contracts are measured based on observable spot exchange rates. The fair value of interest swaps has been determined using a discounted cash flow model based on interest curves observable on the market.

The contingent purchase price payments from business combinations and the option commitment relating to cancelable non-controlling interests are measured at balance sheet date according to the underlying agreements based on the expected discounted payments using the most recent sales forecast. The contingent purchase price payments determined as a certain percentage of achieved sales (to a certain extent when sales are exceeding a contractually agreed upon amount) are to be paid on a yearly basis with a residual term of further 2-6 years. The exercise price of the option commitment relating to cancelable non-controlling interests is based on the achieved financial results of the acquired entity. The liabilities are discounted using a risk adequate discount rate for the duration of each liability.

The sensitivity analysis for significant, non-observable input factors is as follows:

in TEUR	Assumption	Change in assumption	If assumption increases, liability changes by	If assumption decreases, liability changes by
Option Commitment relating to	Net results	+/- 10%	+403	-405
canceable non-controlling interests	Interest rate 38.3%	+/- 10%	-1,184	+2,378
Contingent Purchase price payments	Sales	+/- 10%	+1,810	-1,810
from business combinations	Interest rate 38.3%,16.3%, 4%	+/- 10%, +/- 1%, +/- 1%	-140	+153

For assessing the fair value of lendings, borrowings and leasing obligations, the expected cash-flows have been discounted using market interest rates. The fair value for bonds was derived from the stock exchange price.

Regarding bank and other long-term loans with variable interest, the interest rates charged are current market rates, resulting in the fact that the carrying values equal the fair values to a large extent.

Cash and cash equivalents, trade receivables and payables and all other items have mostly short residual lives. Therefore, the carrying values equal the fair values at the balance sheet date.

For each category of financial instruments which are amortized at acquisition costs, both the carrying value and the deviating fair value are provided in the table below:

		2013		2012	
in TEUR	Level	Carrying value	Fair value	Carrying value	Fair value
Liabilities					
Bonds	1	-19,980	-21,400	-39,951	-41,000
Borrowings from banks, finance lease obligations and other loans	2	-155,001	-155,130	-132,640	-134,405

Net result from financial instruments

The following table shows the net result by classification, according to IAS 39:

Year 2013 in TEUR	Allowance	Revaluation P/L	Revaluation OCI (*)	Deletion/Disposal P/L	Deletion/Disposal OCI (*)	Net result
Loans and receivables	+171	-	-	-	-	+171
Derivatives	-	+3,779	-	-	-	+3,779

Year 2012 in TEUR	Allowance	Revaluation P/L	Revaluation OCI (*)	Deletion/Disposal P/L	Deletion/Disposal OCI (*)	Net result
Loans and receivables	-671	-	-	-	-	-671
Derivatives	-	+380	-	-	-	+380

*) OCI = other comprehensive income

The total amount of interest expenses determined by using the effective interest rate method for financial liabilities not valued at fair value through profit or loss is TEUR 11,301 (2012: TEUR 9,157).

Note 32

Risk management

The operations of the Company are exposed to a great number of risks that are inextricably linked to its worldwide business activities. Efficient steering and control systems are being used to detect, analyze, and cope with these risks, with the help of which the management of each company monitors the operating risks and reports them to the group management board.
From a current point of view, no risks are discernible that may pose a threat to the survival of the Company.

General economic risks

The business situation of Schoeller-Bleckmann Oilfield Equipment highly depends on cycles, in particular on the cyclical development of oil and gas drilling activities performed by the international oil companies. In order to minimize the risks of pertinent order fluctuations, the manufacturing companies of the Group have been designed to ensure maximum flexibility.

Sales and procurement risks

The market for products and services of the Company is to a great extent determined by continuous development and the application of new technologies. Therefore, securing and maintaining the Company's customer stock depends on the ability to offer new products and services tailored to the customers' needs.

In the year 2013, the three biggest customers (which are the worldwide dominant service companies in the directional drilling market) accounted for 58.1% of all sales worldwide (2012: 61.6%). SBO addresses the risk of potential sales declines following the loss of a customer by means of continuous innovation, quality assurance measures and close customer relationship management.

On the procurement side, raw materials and in particular alloy surcharges for non-magnetic steel are subject to significant price fluctuations. These alloy surcharges are partly passed on to the customers as part of our agreements.

The Company procures non-magnetic steel, its most essential raw material, almost exclusively from one supplier and therefore faces the risk of delayed deliveries, capacity shortages or business interruptions. From today´s perspective, the Company foresees no difficulty in obtaining quality steel from this supplier in future. In the event this supplier falls short of deliveries, there is only limited potential of substitution in the short-term.

Substitution risks

SBO is subject to the risk of substitution of its products and technologies, which may result in the emergence of new competitors. SBO counteracts that risk through continuous market observation, intensive customer relationship management and proprietary innovations.

Financial risks

As a direct result of its business operations, the Company on the one hand holds various financial assets, such as trade receivables as well as cash and cash equivalents. On the other hand, it also uses financial instruments to ensure the continuity of its operations, such as bonds, payables due to banks and trade payables.

In addition, the Company also uses derivative financial instruments to hedge interest rate and foreign exchange risks arising from its financing and business operations. However, derivates are not used for trading or speculative purposes.

The financial instruments principally entail interest-related cash-flow risks, as well as liquidity, currency and credit risks.

Foreign currency risks

Foreign currency risks arise from fluctuations in the value of financial instruments or cash-flows caused by foreign exchange fluctuations.

Foreign currency risks arise in the Company where balance sheet items as well as income and expenses are generated or incurred in a currency other than the local one. Forward exchange contracts (mainly in US dollars) are concluded in order to secure receivables and liabilities in foreign currencies.

From a long-term perspective, SBO invoices approximately 80% of its sales volume in US dollars. This is due to its customer structure. All dominating service companies on the directional drilling market are located in the US, handling their worldwide activities in US dollars. Also from a long-term perspective, approximately 50% of the costs are incurred in US dollars, with important production facilities being located both in the US and Europe. In order to minimize the currency exposure involved, orders are hedged between the times of order acceptance and invoicing. However, for reasons of costs and expedience, SBO does not hedge its entire net dollar exposure. In any case, the profit generated by SBO is contingent on the dollar-euro exchange rates.

The Company also faces currency translation risks when sales revenues, operating results and balance sheets of foreign subsidiaries are converted into the group currency. The respective values depend on the exchange rate in force at the respective date. The US is not only the main market for the Group but also the base of important production facilities with significant investments. Therefore, changes in the US dollar rate have a strong impact on the group balance sheet, which SBO addresses by taking out US dollar loans.

The table below shows the implications of a potential change in the US dollar exchange rate on the consolidated financial statements only in respect of the value of the derivative instruments in place at balance sheet date, as no material accounts receivable or accounts payable exist which are not denominated in the functional currency of each group currency:

in TEUR	2013		2012	
Changes in EURO – US dollar rate	**+10 cents**	**-10 cents**	**+10 cents**	**-10 cents**
Change in profit before taxes	+1,651	-1,651	+2,582	-2,582

Interest rate risks

Interest rate risks result from fluctuations in interest rates on the market; these fluctuations may lead to changes in value of financial instruments and interest-related cash-flows.

All long-term borrowings at 31 December 2013 have fixed interest rates; therefore they are without any interest rate risk. However, the fair value of these credit facilities is subject to fluctuations. The interest rates for all loans are disclosed in Note 17. With the exception of bonds, loans and finance-lease obligations, no other liabilities are interest bearing and therefore not subject to any interest rate risk.

The interest rate risk is further reduced by short-term interest-bearing investments which the Company holds on a permanent basis. Depending on whether there is a credit or debit balance, the interest risk may result from increasing or decreasing interest rates.

The table below shows the reasonably foreseeable implications of a potential change in interest rates on profit before taxes (there are no implications on group equity). These implications could affect the amount of interest payable to banks or interest earned on bank deposits, both only in the case of variable rates.

in TEUR	2013		2012	
Change in basic points	**+10**	**+20**	**+10**	**+20**
Change in profit before taxes	+137	+274	+70	+140

Credit risks

Credit risk arises from the non-compliance with contractual obligations by business partners and the resulting losses. The maximum default risk equals the book value of the respective receivables.

The credit risk with our customers can be considered as low as there have been long-standing, stable and smooth business relations with all major customers. Furthermore, we regularly check the credit rating of new and existing customers and monitor the amounts due. Adequate allowances for default risks are established.

With regard to loans granted to the management of subsidiaries, the default risk is eliminated as the loans are securitized by the acquired shares (see Note 10).

As for other financial assets (liquid funds, marketable securities), the maximum credit risk equals the respective book values, in the event the counterparty defaults. The pertinent credit risk may, however, be considered as low since we choose highly rated banks and well-renowned issuers of securities only.

Liquidity risks

Liquidity risk bears the uncertainty whether or not the Company has the liquid funds required to settle its obligations at all times and in a timely manner.

Due to the high self-financing capability and earning power of the Company, the liquidity risk is relatively low. The Company earns liquid funds through its operating business and uses external financing when needed. The worldwide spread of financing sources prevents any significant concentration of risk.

As the most important risk spreading measure, the group management constantly monitors the liquidity and financial planning of the Company´s operative units. Also the financing requirements are centrally managed and based on the consolidated financial reporting of the group members.

The table below shows all obligations for repayments and interest on financial obligations accounted for and agreed by contract as of 31 December. For the other obligations, the non-discounted cash-flows for the following business years are stated.

31 December 2013 in TEUR	**Due at call**	**2014**	**2015**	**2016**	**2017 cont'd**
Bonds	-	1,175	20,588	-	-
Payables due to banks	32,431	-	-	-	-
Long-term loans	-	15,922	14,791	16,050	90,405
Leasing obligations	-	83	-	-	-
Management interest and Participation rights	-	-	-	-	28,188
Trade payables	-	35,347	-	-	-
Derivatives	4,160	1,949	3,276	4,468	257
Other	-	21,757	373	373	1,494

31 December 2012 in TEUR	Due at call	2013	2014	2015	2016 cont'd
Bonds	-	21,750	1,175	20,588	-
Payables due to banks	31,773	-	-	-	-
Long-term loans	-	18,379	14,959	12,891	65,160
Leasing obligations	-	192	85	-	-
Management interest and Participation rights	-	-	-	-	26,382
Trade payables	-	34,053	-	-	-
Derivatives	6,054	1,291	2,293	4,073	6,951
Other	-	27,199	453	373	1,868

Other financial market risks

The risk variables are in particular the share prices and stock indexes.

Capital management

It is a paramount goal of the Group to ensure that we maintain a high credit rating and equity ratio in order to support our operations and to maximize the shareholder value.

It is particularly the gearing ratio (net indebtedness as a percentage of equity) that is used to monitor and manage capital. The indebtedness includes bonds, long-term loans, payables due to banks and leasing rates, less cash and cash equivalents and long-term financial investments.

Gearing was 4.3% as of 31 December 2013 and 9.5% as of 31 December 2012.

in TEUR	31 December 2013	31 December 2012
Bank loans	32,132	31,455
Long-term loans	122,788	100,913
Finance lease obligations	81	272
Bonds	19,980	39,951
-Less: Cash and cash equivalents	-158,366	-138,260
Net debt	**16,615**	**34,331**
Total equity	382,187	363,130
Gearing	**4.3 %**	**9.5 %**

The Company considers a gearing ratio of up to 60% reasonable without having an impact on the refinancing conditions.

In addition an average dividend ratio of 30 - 60% (of the consolidated profit after tax) payable to the shareholders is deemed to be appropriate.

Note 33

Contingencies

No contingencies existed as of the balance sheet dates 31 December 2013 and 31 December 2012.

Note 34

Other Commitments

The Company has operating lease commitments and commitments for capital expenditure (see Note 8). Apart from that no other commitments existed.

Note 35

Cash flow statement

The consolidated cash flow statement displays the change of cash and cash equivalents in the reporting year as a result of inflows and outflows of resources.

The liquid fund corresponds to cash and cash equivalents in the consolidated balance sheet and only includes cash on hand and bank balances as well as short-term investments/marketable securities.

In the cash flow statement, cash flows are classified into cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

The cash flows from foreign operations have been allowed for by applying average foreign exchange rates.

The cash flow from operating activities is determined using the indirect method, based on income after taxation and adjusting it for non-cash expenses and revenues. The result plus changes in net working capital (excluding liquid funds) as shown in the balance sheet is the cash flow from operating activities.

Inflows/outflows of resources from current operations include inflows and outflows from interest payments and income taxes.

Dividend payments are shown under cash flow from financing activities.

For the changes of shares in subsidiaries and participation rights held by managers in 2013 amounting to TEUR -1,487 (2012: TEUR +5,007) the Company granted loans or reduced loans to the participants in the same amounts. Hence, no cash flows were effected.

Note 36

Business combinations

Year 2013

No business combinations were executed in 2013.

Year 2012

As of 28 February 2012, 85.02% of the shares of D-TECH (UK) Limited, Bristol, UK, including its subsidiary D-TECH Inc., Houston, US, were acquired. D-TECH (UK) Limited is an engineering company in the process of being set up. By integrating this company into the SBO Group, the Group expects to gain know-how to optimize the product range in the segment Oilfield Supplies & Services.

Furthermore, the company Foxano AG, Luzern, Switzerland, was acquired on 13 December 2012. This company does not yet carry out any operating activities.

For further information on business combinations in 2012 we refer to the consolidated financial statements 2012.
Regarding the development of the liabilities for contingent purchase price payments we refer to Note 19.

Note 37

Personnel

The total average number of employees was as follows:

	2013	2012
Blue collar	1,215	1,230
White collar	349	329
	1,564	**1,559**

Note 38

Events after the balance sheet date

After the balance-sheet date no events of particular significance have occurred that would have changed the presentation of the Group's financial position and financial performance of the group financial statements as of 31 December 2013.

In order to condense the group structure, a resolution to merge the two non-operating entities Schoeller-Bleckmann Drilling and Production Equipment GmbH, Ternitz, and BICO-DSI Investment GmbH, Ternitz, with SCHOELLER-BLECKMANN Oilfield Equipment Aktiengesellschaft, Ternitz, was adopted on 21 February 2014. In this regard the minority shareholder of BICO-DSI Investment GmbH will withdraw in 2014 and will be compensated with 57,761 SBO shares (see Note 30). Non-controlling interests amounting to TEUR 1,843 will cease to exist. No further effects on the consolidated financial statements will occur.

In addition, no further reportable events occurred.

Note 39

Proposed dividend

The Executive Board proposes to the shareholders that a dividend of EUR 0.50 per share (2012: EUR 0.50) plus a bonus of EUR 1.00 per share (2012: EUR 1.00), in total EUR 1.50 (2012: EUR 1.50) per share should be paid. Thus, the total distribution will amount to MEUR 24.0 compared to MEUR 23.9 in the preceding year.

Note 40

Expenses incurred for the group auditors

The following expenses were incurred from **Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.:**

in TEUR	2013	2012
Audit of the consolidated annual financial statements	73	65
Due diligence	0	162
Other services	**56**	**52**

MANAGEMENT INFORMATION

Executive Board:

Gerald Grohmann (President and CEO)
Franz Gritsch (Executive Vice-president and CFO)

The contracts with the members of the Executive Board are valid for one term and will expire on 31 December 2015.

Committees of the Supervisory Board:

Remuneration Committee:
- Norbert Zimmermann
- Dr. Peter Pichler
- Dr. Karl Schleinzer

Audit Committee:
- Norbert Zimmermann
- Dr. Peter Pichler
- Karl Samstag

Supervisory Board:

Norbert Zimmermann (Chairman)
- First nomination: 1995
- End of current appointment: 2017

Dr. Peter Pichler (Deputy Chairman)
- First nomination: 1995
- End of current appointment: 2018

Helmut Langanger
- First nomination: 2003
- End of current appointment: 2017

Karl Samstag
- First nomination: 2005
- End of current appointment: 2017

Dr. Karl Schleinzer
- First nomination: 1995
- End of current appointment: 2017

In each year one member of the Supervisory Board withdraws from the Supervisory Board with the end of the Annual General Meeting, thereby guaranteeing that in the course of the Annual General Meeting the election of one member of the Supervisory Board can be resolved. As far as the order of withdrawal cannot be ascertained from the term of office it shall be ascertained by lot. In the Supervisory Board meeting that takes place before the Annual General Meeting for consultation on the proposed resolutions and elections in accordance with section 108 paragraph 1 Austrian Stock Corporation Act the lot shall decide which member of the Supervisory Board shall withdraw with the end of the next Annual General Meeting. The withdrawing member can immediately be reelected.

Ternitz, 24 February 2014

Gerald Grohmann Franz Gritsch
Members of the Executive Board

AUDITOR'S REPORT *) (TRANSLATION)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft, Ternitz, for the fiscal year from January 1, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Accounting Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, February 24, 2014

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Karl Fuchs mp
Certified Auditor

Mag. Markus Jandl mp
Certified Auditor

*) Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

REPORT OF THE SUPERVISORY BOARD OF THE SBO AG CONCERNING THE 2013 BUSINESS YEAR

During the business year 2013 the Supervisory Board performed all duties assigned to it by law and the articles of association and held 5 meetings. The Executive Board provided the Supervisory Board with regular written and verbal reports concerning business developments and the Company's status, including the situation of the Group and Group companies. Focus of discussions were the strategic development of the Group, key business events and measures. An Audit Committee for handling questions regarding the financial statements and a Remuneration Committee for handling questions regarding the reimbursement of the Executive Board was installed.

The financial statements as of 31 December 2013 and the management report including the Company's accounting records were audited by SST Schwarz & Schmid Wirtschaftsprüfungsgesellschaft m.b.H. The audit revealed that the financial statements comply with legal requirements, that they give a true and fair view of the Company's assets and financial position on 31 December 2013 and of the Company's earnings for the fiscal year from 1 January 2013 to 31 December 2013 in compliance with generally accepted Austrian accounting principles, and that the management report is consistent with the financial statements.

The consolidated financial statements as of 31 December 2013 of SBO Group, which were prepared in compliance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the consolidated management report, which was prepared in accordance with the Austrian Commercial Code (UGB), were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. The auditor confirmed that the consolidated financial statements comply with legal requirements, that they give a true and fair view of the Group's assets and financial position on 31 December 2013 and of the Group's financial performance and cash flows for the fiscal year from 1 January 2013 to 31 December 2013, and that the Group management report is consistent with the consolidated financial statements.

The audits did not give rise to any objections. The auditors issued an unqualified audit opinion on the financial statements for 2013 and the consolidated financial statements for 2013.

At its meeting on 7 March 2014, the Supervisory Board approved the financial statements as of 31 December 2013 and the management report, thereby adopting the financial statements 2013 according to sec. 96 para. 4 Austrian Stock Corporation Act (AktG). In addition, the Supervisory Board approved the consolidated financial statements as of 31 December 2013 and the consolidated management report, the Corporate Governance Report submitted by the Executive Board as well as the proposal for the distribution of profits 2013.

The Supervisory Board would like to thank the Executive Board and all the employees for their high level of dedication and their successful work during financial year 2013. The Supervisory Board would also like to thank the Group's shareholders and customers for their trust.

Ternitz, 7 March 2014

Norbert Zimmermann
Chairman of the Supervisory Board

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GLOSSARY

Conventional resources

A „normal" reservoir, where the reservoir and fluid characteristics permit crude oil or natural gas to flow readily into wellbores. The term „conventional" shall make a distinction from other unconventional resources such as shale or tight gas.

Deepwater

Generally defined as operations in water depths of 1000 ft. (ca. 300 meters) or greater. Operations in depths of more than 1,500 meters are called Ultra Deepwater operations.

Depletion

Depletion describes the declining oil production from oil fields over time. According to the International Energy Agency (IEA) the oil production of producing fields in 2010 will decline by 47 million barrels per day until 2035.

Directional drilling

Directional drilling is a method of increasing a well's productivity while reducing the environmental footprint of an oil and gas operation. New technologies enable to drill laterally or horizontally (see horizontal drilling) beneath the surface, as opposed to vertically, allowing for a wider range of possible well configurations. Because horizontal and directional drilling methods often utilize existing vertical wellbores, additional wells may be drilled without additional disruption to the environment. Utilizing this technique also helps maximize recovery (recovery factor) from existing reservoirs by penetrating a greater cross-section of the formation, allowing substantially more oil to be produced while reducing the total number of wells required. Directional drilling is common in shale reservoirs because it allows drillers to place the borehole in contact with the most productive reservoir rock.

Drilling motor/downhole motor

The Positive Displacement Motor (PDM) is composed of a stator and a rotor. The stator is made of an extremely rigid elastomere. This material will yield when acted upon by a force, but will return to its original shape when that force is removed. The rotor, supported by bearings on each end, is mounted in the stator. The drill bit is attached, through a mechanical linkage, to the lower end of the rotor. As the drilling mud flows through the system, the cavity within the PDM is pressurized due to the hydraulic energy of the drilling mud. In the motor, the hydraulic energy is converted into rotational energy, which enables rotation of the rotor and the attached drill bit.

Exploration and Production (E&P)

These terms refer to the search for and extraction of crude oil and natural gas.

Gunhole drilling

A method to drill high-precision small-diameter boreholes over long distances. SBO's gunhole process has been developed in cooperation with Vienna Technical university and is already used on an industrial scale.

Horizontal drilling

A subset of the more general term „directional drilling," used where the departure of the wellbore from vertical exceeds about 80 degrees. Note that some horizontal wells are designed such that after reaching true 90-degree horizontal, the wellbore may actually start drilling upward. Because a horizontal well typically penetrates a greater length of the reservoir, it can offer significant production improvement over a vertical well. Horizontal drilling is common in shale reservoirs because it allows drillers to place the borehole in contact with the most productive reservoir rock.

IEA

International Energy Agency

Laser welding

A method which uses a laser beam to apply a hardfacing layer. The layer used to be applied by welding resulting in undesired deviations in high-precision parts. More precise results can be achieved by using a laser beam.

Logging-while-drilling collars (LWD)

Logging While Drilling collars help to analyse geological formations and, therefore, to locate reservoirs.

Lost circulation

The reduced or total absence of fluid flow up the annulus when fluid is pumped through the drillstring. If a lack of drilling mud is returning to the surface after being pumped down a well lost circulation could be the reason. Lost circulation occurs when the drill bit encounters natural fissures, fractures or caverns, and mud flows into the newly available space.

Measurement-while-drilling collars (MWD)

Measurement-while-drilling collars are used to measure depth, inclination and azimuth of the borehole.

Mud

A liquid circulated through the wellbore during drilling and workover operations. One purpose of the mud is to remove rock cuttings produced by drilling. The mud also helps to cool the drill bit, it prevents the borehole walls from caving in, constrains high-pressure formation fluids, and provides a medium for MWD mud-pulse transmission signals.

NMDC: Non-Magnetic Drill Collars

NMDC's – also called top collars – are non-magnetic drillstring components used to avoid adverse effects on measurements (in particular of the azimuth).

Oil shale

An oil shale is a sedimentary rock containing bitumen or non-volatile oils. Oil shale is also called kerogen oil or kerogen shale and must not be confused with shale oil.

Recovery factor

Amount in % of crude oil produced from the total oil-in-place of a reservoir, depending on the individual reservoir parameters and the quality of the crude oil produced. Currently, the average global recovery factor is approx. 35%.

Reservoir

A subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. Sedimentary rocks are the most common reservoir rocks because they have more porosity than most igneous and metamorphic rocks and form under temperature conditions at which hydrocarbons can be preserved.

Rig

The machine used to drill a wellbore.

Shale

A fine-grained, fissile, detrital sedimentary rock formed by consolidation of clay- and silt-sized particles into thin, relatively impermeable layers. It is the most abundant sedimentary rock. Shale can include relatively large amounts of organic material compared with other rock types and thus has potential to become a rich hydrocarbon source rock, even though a typical shale contains just 1% organic matter.

Shale oil

Oil produced from shale with technologies similar to produce shale gas, i.e. horizontal drilling and multistage hydraulic fracturing.

Unconventional resource

An umbrella term for oil and natural gas that is produced by means that do not meet the criteria for conventional production. What has qualified as unconventional at any particular time is a complex function of resource characteristics, the available exploration and production technologies, the economic environment, and the scale, frequency and duration of production from the resource. Perceptions of these factors inevitably change over time and often differ among users of the term. At present, coalbed methane, gas hydrates, shale gas, fractured reservoirs, and tight gas sands are considered unconventional resources .

Further definitions about the oil and gas industry are available at SBO's oil and gas glossary on www.sbo.at.

This report includes information and forecasts that are based on the future development of the SBO Group and its member companies. These forecasts represent estimates, which were prepared based on the information available at this time. If the assumptions underlying these forecasts are not realized or risks – as described in the risk report – should in fact occur, actual results may differ from the results expected at this time.

This report is not connected with a recommendation to buy or sell shares in Schoeller-Bleckmann Oilfield Equipment AG.

The English translation of this report is for convenience. Only the German version is binding.

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