



AFTER THE DOWNTURN  
COMES THE UPTURN

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ANNUAL FINANCIAL REPORT 2015

UPS AND DOWNS | RESILIENCE | FLEXIBILITY | RESPONSIVENESS

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RESULT

# MANAGEMENT REPORT

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"ALTHOUGH DEMAND FOR OIL WAS GROWING, THE MARKET REMAINED CONSIDERABLY OVERSUPPLIED. AS A RESULT, GLOBAL DRILLING ACTIVITY AS AT DECEMBER 2015 HAD GONE DOWN BY 45 % YEAR-ON-YEAR."

## MARKET ENVIRONMENT

Global economic growth in 2015 declined slightly from the previous year, remaining behind original expectations. According to current estimates of the International Monetary Fund (IMF), global economic growth arrived at 3.1 %, which is 0.3 percentage points below the prior year's reading (2014: 3.4 %). The average growth rate of the industrialised countries in 2015 was 1.9 %, following 1.8 % in 2014. Economic growth in the emerging markets in 2015 came to 4.0 %, following 4.6 % in 2014.<sup>9</sup>

While the low oil price had an overall positive effect on oil-importing industrialised economies, it had an adverse impact on the oil-exporting emerging markets. Geopolitical crises weighed on the economies in Russia, which slipped into recession, and the Middle East. In China, economic growth slowed down. In total, the emerging markets – thanks to China and India – still achieved attractive growth rates.

Average global oil consumption in 2015, according to the International Energy Agency (IEA), rose by 1.6 million barrels per day (mb/d), or 1.7 %, to 94.4 mb/d (2014: 92.8 mb/d). Stronger demand came mainly from China, the US, India and Europe. Consumption in OECD countries grew by 0.5 mb/d, or 1.1 %, to 46.1 mb/d (2014: 45.7 mb/d). Consumption in non-OECD countries went up by 1.1 mb/d, or 2.5 %, to 48.3 mb/d<sup>10</sup> (2014: 47.1 mb/d).

Although demand was growing, the oil market remained considerably oversupplied. In 2015, production averaging 96.4 mb/d exceeded consumption by 2.0 mb/d. OPEC countries – mainly Saudi Arabia and Iraq – drove their output up by 1.2 mb/d. However, non-OPEC countries also stepped up their production in 2015 by 1.4 mb/d from the year before, and this rise was mainly caused by the United States, where production fell again slightly in the fourth quarter of 2015, and Russia, which ramped up production to a maximum due to the current economic situation and the devaluation of the rouble. After a global supply overhang of 2.4 mb/d in the second quarter

<sup>9</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2016.

<sup>10</sup> International Energy Agency (IEA), Oil Market Report, February 2016.

of 2015, those oversupplies were slightly reduced to 2.3 mb/d in the fourth quarter 2015. OPEC's effective spare capacity<sup>11</sup> in January 2016 was 2.29 mb/d, down 0.67 mb/d from last year's reading (January 2015: 2.96 mb/d).<sup>12</sup>

The global rig count<sup>13</sup> in December 2015 was 1,969 rigs, down by 45 % from the prior year's reading (2014: 3,570 rigs). The number of drilling rigs decreased in all regions of the world – except for the Middle East, where it remained unchanged. The largest contraction by far was seen in the US (minus 62.1 % to 714 rigs) – the most dramatic drop recorded over the past three decades.

Global spending for exploration and production in 2015, as analysts have pointed out, fell by approximately 23 % to around USD 560 billion, according to Evercore ISI. The sharpest drop of around 35 % was reported in North America.<sup>14</sup>

Prices of WTI and Brent crudes developed at a positive level in the first half of 2015, as the price of one barrel of US crude WTI climbed from USD 52.72 at the beginning of the year to USD 61.36 on 10 June 2015. European crude Brent started at USD 55.38 per barrel at the beginning of the year and climbed to its annual high of USD 66.33 on 13 May 2015.<sup>15</sup>

During the course of the year, however, prices of both crudes dropped significantly due to the continued oversupply in the oil market. Early in December 2015, OPEC again decided not to curb its oil production and maintained its course taken in November 2014. On 31 December 2015, the price of WTI arrived at USD 37.13 per barrel, the price of Brent at USD 36.61 per barrel. Over the year (2 January - 31 December 2015), the price of WTI had thus fallen by 29.6 %, and of Brent by 33.9 %.

<sup>11</sup> Definition der International Energy Agency (IEA): "IEA defines spare capacity as the capacity levels that can be reached within 90 days and sustained for an extended period."

<sup>12</sup> International Energy Agency (IEA), Oil Market Report, February 2016.

<sup>13</sup> Baker Hughes Inc.

<sup>14</sup> Evercore ISI OFS, 2016 Outlook, Barclays Capital Inc. January 2016.

<sup>15</sup> U.S. Energy Information Agency (EIA), Spot Prices for Crude Oil as per 1 January 2016.

"DESPITE THE EXTREMELY DIFFICULT ENVIRONMENT SBO GENERATED A POSITIVE OPERATING RESULT BEFORE ONE-OFF EFFECTS AND INCREASED ITS CASHFLOW SIGNIFICANTLY."

## BUSINESS DEVELOPMENT

The entire oilfield service industry was hit by the massive slump of drilling activity in 2015. SBO could not escape that development either: Following record bookings in 2014, bookings contracted by 59.1 % to MEUR 203.6 (2014: MEUR 497.9), sales went down by 35.8 % to MEUR 313.7 (2014: MEUR 488.6). Nevertheless, the company generated a positive operative result (EBIT) before one-off effects amounting to MEUR 3.7. EBIT after one-off effects amounted to MEUR minus 22.1 (2014: MEUR 67.5). Profit after tax came in at MEUR minus 19.0 (2014: MEUR 54.0). The one-off effects totaled MEUR 20.3, of which MEUR 18.3 were not cash effective. These mainly resulted from goodwill impairments and valuation of option commitments.

Despite the extremely difficult environment, which further aggravated in the course of the year, SBO generated a positive operative result (EBIT) before one-off effects of MEUR 3.7 (2014: MEUR 106.7) and increased cashflow from operating activities by 52.3 % to MEUR 103.4 (2014: MEUR 67.9). With liquid funds of MEUR 196.3 and an equity ratio of 60.8 %, the company has a profoundly strong balance-sheet structure.

SBO subdivides its business activities into the two segments High Precision Components (manufacturing of high-precision drillstring components) and Oilfield Equipment (non-magnetic drill collars, drilling motors, circulation tools, completion tools and other components including service and repair). Both segments were severely hit by the market slump.

In 2015, the segment of High Precision Components developed in line with the decreased CAPEX-spending of customers. Owing to the massively reduced drilling activities as a consequence of the low oil price levels, customer demand contracted considerably. Moreover, customers again tended to overhaul and repair tools and take other efficiency enhancing measures to maximise their potential service life so as to reduce the number of new orders to a minimum. Bookings went down, sales shrank and mounting pressure was exerted on prices. All of these factors led to a negative profit before tax in the segment of High Precision Components. To defend its position as global market leader also in the current market environment and strengthen its technological edge for the next upswing, SBO continued its targeted investments in product innovation.

In the segment of Oilfield Equipment, the sharp curtailment of global drilling activity also had a dampening effect on business. Here, too, SBO posted declining bookings and sales. Drilling motor business of SBO's subsidiary BICO suffered from the particularly steep reduction of the rig count in North America. Still, BICO was able to assert its market position in the United States by implementing further technological improvements of its drilling motor fleet. Given the extremely challenging market environment, our subsidiary DSI, the clear world market leader in the field of downhole



circulation tools, and the Service and Repair Shops, specifically in Russia, delivered satisfying results. Likewise, Resource Well Completion Technologies (Resource), a subsidiary acquired at the end of 2014, delivered positive results.

SBO has gained vast experience in managing the cycles in the oilfield service industry and has promptly responded to the current downturn in order to combat deteriorating market conditions at an early stage. The company launched initial counter measures already in the third quarter of 2014 and systematically continued to pursue this course in 2015:

- › SBO merged its two US subsidiaries "Godwin-SBO L.L.C." (Godwin) and "Knust-SBO L.L.C." (Knust) as of 1 October 2015. Production of newly founded "Knust-Godwin LLC" will be united at the site of Godwin. The merger aims to create structural and sustainable cost benefits, while capacities will remain at the same level. As a result, the company will be excellently positioned to fully meet the demand that should re-emerge from the next upswing. Restructuring should be completed by mid-2016.
- › SBO completed restructuring of its UK activities, initiated as early as in the third quarter of 2014 as planned. Operational activities of the two neighbouring subsidiaries "Techman Engineering Ltd." (Techman) and "Darron Tool & Engineering Ltd." (Darron) were merged at the location of Techman. As a result, structural and sustainable cost benefits have been created.
- › Expenditure for plant, property and equipment (CAPEX) was largely reduced to maintenance investments and restructuring activities in 2015. Moreover, SBO invested selectively in site extensions (Russia, Middle East). Spending for research and development has not been curbed.
- › SBO continued to internationalise the successful drilling motor business of its subsidiary BICO, which started in 2014. Apart from initial business success in Russia and the Far East, drilling motors will be marketed by our subsidiary established in Dubai. Moreover, our newly set up sales companies in Saudi Arabia and Mexico will open additional market opportunities primarily for DSI and its downhole circulation technologies.
- › Personnel capacities were adjusted to the market demand. The headcount as at 31 December 2015 was 1,135 (31 December 2014: 1,720) down by 34 % year-on-year.
- › The goodwill of subsidiaries Resource and BICO was adjusted. Both companies operate primarily in the North American market, which is particularly hit by the current downturn. Due to the merger of two subsidiaries in England, the goodwill of Techman was impaired by MEUR 1.8.



## INVESTMENTS

Investments in tangible fixed assets amounted to MEUR 22.9 (2014: MEUR 43.8) in the fiscal year 2015. They were largely limited to maintenance investments and restructuring measures. Additionally, selective spending was made to site extensions.

As in the years before, additions were financed mainly from the current cashflow. Total purchase commitments for expenditure in property, plant and equipment as at the end of 2015 were MEUR 3.1 (end of 2014: MEUR 5.2).

## RESEARCH AND DEVELOPMENT

At SBO, research and development activities have been integrated in its operations for many years, a system that ensures market and customer-oriented R&D activities. Here are two examples of the resulting production innovations:

In the segment of High Precision Components, SBO developed a new technological machining method allowing, for the first time, to conduct high-precision drilling with small diameters ("deviated gunhole drilling") deviated over longer distances in a collar. This creates new opportunities and enhanced efficiency in developing and designing MWD/LWD components.

In the segment of Oilfield Equipment, SBO's subsidiary DSI has introduced the new "fast ball", which is used for highly complex drilling and well completion activities. The fast ball ensures that circulation losses can be removed faster and more efficiently. With its increased weight (by 80 %), considerably higher density and greater temperature resistance of nearly 50 %, the fast ball reduces activation time of the "PBL activation tool" significantly.

"THE DOWNTURN HAS NOT YET COME TO AN END. THE CRUCIAL ISSUE IS HOW LONG THE OVERSUPPLY OF THE OIL MARKET WILL PERSIST. AS SOON AS THE BALANCE HAS BEEN RESTORED, THE UPSWING - FOR WHICH SBO IS WELL PREPARED - SHOULD SET IN."

## OUTLOOK

In January 2016, the International Monetary Fund (IMF) has revised down its forecast for 2016, but still expects global economic growth to rise by 3.4 %, following 3.1 % in 2015 and 3.4 % in 2014.<sup>16</sup> Growth expectations for the industrialised nations in 2016 are 2.1 % (following 1.9 % in 2015 and 1.8 % in 2014). This points to a continuation of the moderate economic recovery in the industrialised countries. In the emerging markets and developing countries, the IMF now assumes that growth in 2016 will arrive at 4.3 % (following 4.0 % in 2015 and 4.6 % in 2014).

According to the IMF, the main reason for economic recovery in the industrialised nations in 2016 is the boost triggered by low commodity costs – in particular the low oil price. In the emerging markets and developing countries, the IMF expects to see some degree of recovery primarily in those countries having experienced economic problems in 2015, among them Russia and other countries in Latin America and the Middle East. Stronger demand from the industrialised economies and lifting of the sanctions imposed on Iran should provide positive impulses in the emerging markets in 2016. In contrast, growth in China is expected to slow down. What is striking is the low forecast for Saudi Arabia, whose economy is clearly suffering from the low oil price and is expected to grow by a mere 1.2 % in 2016 (2015: 3.4 %).

Consequently, the International Energy Agency (IEA) projects oil consumption to rise further in 2016: Oil consumption is set to come to 95.6 mb/d in 2016, representing an increase of 1.2 mb/d, or by 1.2 % year-on-year (2015: 94.4 mb/d). Oil demand in the OECD countries is expected to average 46.2 mb/d, the same level as in 2015, whereas oil demand in non-OECD countries should go up by 1.2 mb/d, or 2.5 %, to a total of 49.4 mb/d.<sup>17</sup>

According to market surveys conducted by investment groups Barclays (January 2016)<sup>18</sup> and Evercore ISI (December 2015), oilfield service providers will further cut back on their E&P spending in 2016, as the oversupply in the oil market continues. For the first time since the 1986/1987 downturn, this would involve dropping E&P expenditure in two consecutive years. The surveys came to the conclusion that E&P spending in 2016 would go down by 11 to 20 % globally, and by as much as 19 to 27 % in North America. Respondent companies calculated, at the time of survey, with a price of USD 45-50 per barrel of WTI for 2016.<sup>19</sup> If the average oil price for 2016 falls below that level, further investment cuts cannot be excluded.

<sup>16</sup> International Monetary Fund (IMF), World Economic Outlook Update, January 2016.

<sup>17</sup> International Energy Agency (IEA), Oil Market Report, February 2016.

<sup>18</sup> Barclays Capital Inc., Equity Research, January 2016.

<sup>19</sup> Evercore ISI OFS, 2016 Outlook.

It is clear that this is the steepest downturn since 1986, when the oil price plummeted from USD 30 per barrel to USD 10 per barrel within eight months. At that time, sluggish demand for oil was accompanied by growing output from non-OPEC countries, and OPEC trying to regain market shares by stepping up production. The main differences over the current downturn are, on the one hand, the sustained robust demand for oil at the moment and OPEC's spare capacity, which then stood at more than 10 mb/d (at a global oil production of 60 mb/d), and gave the organisation much headway for driving up production volumes. Today, OPEC's spare capacity fluctuates between 2 and 3 mb/d (at a global oil production of 96.3 mb/d), even dropping by around 1 mb/d year-on-year. In other words, the spare capacity / production ratio lies with 2 % considerably below the same ratio in 1986 (16.7 %).

In any event, SBO braces for a highly challenging market situation continuing throughout 2016. The downturn weighing on the oilfield service industry in 2015 has not yet come to an end. The crucial question is how long the oversupply of the oil market will persist. As soon as the balance has been restored, the upswing - for which SBO is well prepared - should set in.

IEA expects production in non-OPEC countries to contract by 0.6 mb/d, from 57.7 mb/d in 2015 to 57.1 mb/d in 2016.<sup>20</sup> Russia will most likely keep its production of just over 11 mb/d at the same level as in 2015. In the United States, due to the massive drop of the rig count, less crude was produced in the fourth quarter of 2015, and the decline is set to continue in 2016, as the IEA projects. However, in the US, there is a large number of wells that have been drilled, but not been completed yet (DUCs). It is reasonable to assume that when the oil price starts to go up again, those wells will go on stream first, before new drilling projects are executed.

The remaining non-OPEC countries may have more difficulties to ramp up their production again after the sharp cut on E&P spending. Some experts project that those countries – accounting for around 30 % of global crude production – will be faced with production declines of 2.5 % in 2016.<sup>21</sup>

<sup>20</sup> International Energy Agency (IEA), Oil Market Report, February 2016.

<sup>21</sup> Guggenheim Securities, November 2015.

It will be of prime importance how long OPEC will stick to its course of keeping production much higher than at 30 mb/d to counteract oil price recovery. The current policy has led to enormous loss of income for the OPEC countries. It is not clear how long Saudi Arabia and the poorer members of OPEC will be willing and able to accept that situation.

This combination of decreasing supply and growing demand should result in a sustained recovery of the oil price and trigger new investments. This is when the next upswing will set in. It is impossible to predict when this will occur. Visibility in the market remains extremely low. But past experience in the oilfield service industry has told us one thing: Each downturn is followed by an upturn. And the sharper and longer the downturn is, the steeper the next upswing will normally be.

With its high cash position, current net liquidity, positive free cashflow and high equity ratio, SBO is well prepared even for a lengthy downturn. The company will systematically continue the measures implemented in 2015 to combat the decline: Cost-cutting programmes will be stepped up and capacities adjusted further to the market situation. Site optimisation in the United States will be completed by midyear. The strategy to develop new markets for the products of SBO in the segment Oilfield Equipment will be pursued consistently. Due to its profoundly strong balance sheet, SBO is able to continue the search for strategically fitting acquisition targets.

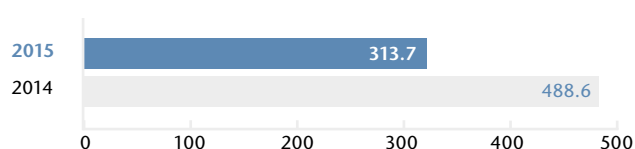
The current situation demonstrates clearly how fast the business cycle in the oil and gas industry can turn around. While full attention is now focused on managing the downturn, it is certain that the medium to long-term growth perspectives for the oilfield service industry remain absolutely intact. Rising demand for oil and gas, in addition to decreasing production rates from existing fields, will call for new spending and usher in the next upswing. Having implemented ongoing restructuring activities based on improved cost and organisational structures, SBO, as technology and market leader, will be prepared well to benefit fully from the next upswing.

## ANALYSIS AND RESULTS

The consolidated financial statements of the company have been prepared in accordance with the International Financial Reporting Standards (IFRS).

The business activities of the SBO group were not changed in the past financial year.

### Sales in MEUR



Year-on-year, sales decreased by 35.8 % from MEUR 488.6 in 2014 to MEUR 313.7 in 2015.

As in the previous years, development of the US dollar exchange rate had a major influence both on the profit and loss statement and the balance sheet. In 2015, 85 % (following 82 % in 2014) of sales and income were generated in US dollars and around 50 % of expenditure - as before - was also incurred in US dollars. The average exchange rate in 2015 was 1 Euro = USD 1.1096 compared to 1 Euro = USD 1.3288 in 2014 and had a supporting effect.

### Exchange rate in EUR/USD

|           | High   | Low    | Average | Close  |
|-----------|--------|--------|---------|--------|
| Year 2015 | 1.2043 | 1.0552 | 1.1096  | 1.0887 |
| Year 2014 | 1.3953 | 1.2141 | 1.3288  | 1.2141 |

In the preparation of the consolidated annual financial statements 2014 and 2015, the average rates for these years were used in the preparation of the consolidated profit and loss statements, whereas the closing rates as of 31 December were used in the preparation of the consolidated balance sheets.



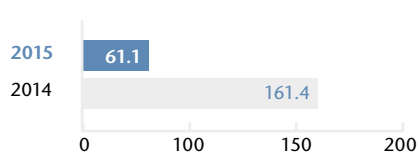
### Sales by business segments in MEUR

|           | High Precision Components | Oilfield Equipment | Total sales |
|-----------|---------------------------|--------------------|-------------|
| Year 2015 | 143.5                     | 170.2              | 313.7       |
| Year 2014 | 228.8                     | 259.8              | 488.6       |

In the High Precision Components segment, sales in 2015 fell by 37.3 % from MEUR 228.8 in 2014 to MEUR 143.5 in 2015 due to considerably curtailed CAPEX-spending of customers.

In the Oilfield Equipment segment, the significant decline in drilling activities resulted in a drop of sales by 34.5 % from MEUR 259.8 to MEUR 170.2.

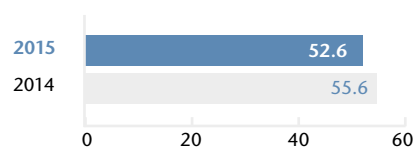
### Gross profit in MEUR



In 2015, gross profit dropped by 62.1 % from MEUR 161.4 to MEUR 61.1 and the gross margin fell from 33.0 % to 19.5 %.

The gross margin reduction resulted from capacity under-utilisation and the lower price level. The reduced margin could be compensated only partly by cost-cutting measures.

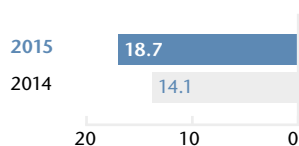
### Selling and administrative expenses in MEUR



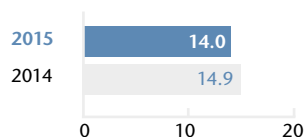
Selling and administrative expenses declined from MEUR 55.6 in 2014 to MEUR 52.6 in 2015.

Selling and administrative expenses consisted mainly of salary and salary-related expenses, professional fees for operational activities, travel and entertainment costs, communication and insurance expenses. The annual comparison, however, does not take into account that Resource Well Completion Technologies (Resource), a subsidiary acquired at the end of 2014, was only included in the numbers of 2015 and merely to an insignificantly small extent also in the numbers of 2014.

### Other operative income and expenses

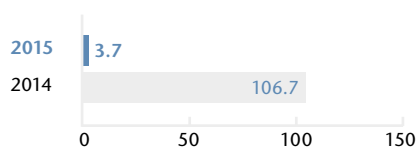


Other operating expenses amounted to MEUR 18.7 in 2015 (2014: MEUR 14.1). This item contains primarily research and development costs amounting to MEUR 8.2 (2014: MEUR 6.2), incurred mainly for the Oilfield Equipment segment, as well as exchange losses of MEUR 10.5 (2014: MEUR 7.7) that were offset by exchange gains in other operating income of MEUR 12.4 (2014: MEUR 12.7).



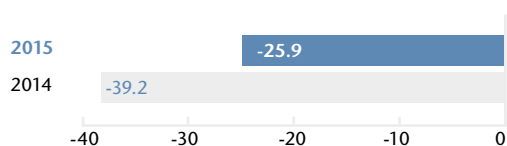
Other operating income in 2015 totalled MEUR 14.0 (2014: MEUR 14.9) and, apart from exchange gains, consisted of rental income, service charges and income from the sale of fixed assets.

### Income from operations before impairments and restructuring measures in MEUR



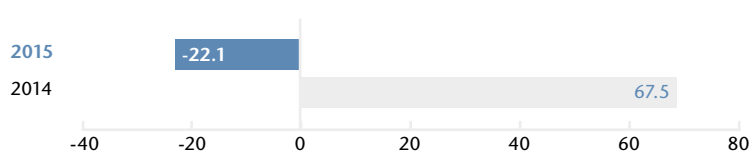
Income from operations before impairment and restructuring measures dropped by 96.5 % from MEUR 106.7 to MEUR 3.7 and thus accounted for 1.2 % of sales following 21.8 % in the previous year.

### Impairment and restructuring measures in MEUR



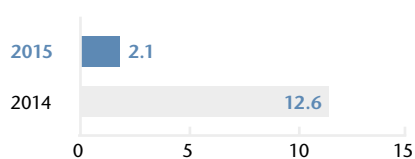
In fiscal 2015, expenses for impairment and restructuring measures came to MEUR 27.0 with MEUR 3.1 spent for costs of restructuring production sites in the US and the UK, MEUR 2.0 for impairment of property, plant and equipment and MEUR 21.9 for impairment of goodwill. These expenses are opposed by income from the disposal of property, plant and equipment associated with the aforementioned restructuring amounting to MEUR 1.2.

### Income from operations in MEUR



Due to the decline in sales and one-off items, income from operations fell from MEUR 67.5 in 2014 to MEUR minus 22.1 in 2015.

### Financial result in MEUR

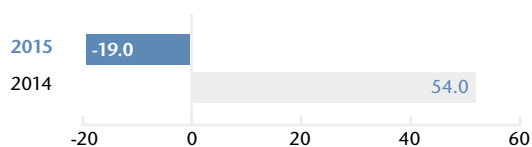


In 2015, the financial result arrived at MEUR 2.1 following MEUR 12.6 in 2014.

Other financial income generated from option and earn-out revaluations was reduced from MEUR 24.6 in 2014 to MEUR 8.7 in 2015.

In the past fiscal year, net interest expenses were MEUR minus 6.6 (2014: MEUR minus 11.0). Also included (as interest expenses) are minority interests in subsidiaries held by the respective managements, which came to MEUR minus 1.9 in 2015 (2014: MEUR minus 4.6).

### Net income in MEUR



Net income for 2015 was MEUR minus 19.0 following MEUR 54.0 in the year before.

Earnings per share arrived at EUR minus 1.19 in 2015 following EUR 3.38 in 2014.

The Executive Board proposes to the Annual General Meeting to pay a dividend of EUR 0.50 per share for 2015, resulting in a total distribution of MEUR 8.0 to the shareholders.

## Assets and financial position

Shareholders' equity as of 31 December 2015 was MEUR 450.4 following MEUR 455.7 as of 31 December 2014. The equity ratio arrived at 60.8 %, following 56.9 % in the year before. This development is due, on the one hand, to higher USD exchange rates leading to a positive development of adjustment items from foreign currency conversion and, on the other hand, to the reduced balance-sheet total.

The net cash position as of 31 December 2015 was MEUR 26.2, up MEUR 61.8 from the net debt as of 31 December 2014 (MEUR 35.6). The gearing ratio (net debt in percent of shareholders' equity) as of 31 December 2015 arrived at minus 5.8 %, following 7.8 % in the year before.

Due to negative income after tax, the cashflow from operating activities fell from MEUR 138.9 in 2014 to MEUR 46.3 in 2015.

The net working capital dropped from MEUR 199.2 as of 31 December 2014 to MEUR 150.4 as of 31 December 2015. This decline is mainly due to the substantial reduction of trade receivables and inventories, increasing the cashflow from operating activities year-on-year despite the lower income after tax, from MEUR 67.9 to MEUR 103.4.

Net cash outflow from investing activities totalled MEUR 18.3 (2014: MEUR 64.5), of which MEUR 22.9 (2014: MEUR 43.8) were spent for additions to tangible fixed assets. Thereof, MEUR 18.2 were used for the Oilfield Equipment segment (primarily for an expansion of the drilling motor rental fleet) and MEUR 4.3 for the High Precision Components segment.



## REPORT ON THE MAIN ASPECTS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM WITH RESPECT 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 operative 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 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 monitors subsidiaries' compliance with accounting regulations. Moreover, the annual financial statements of all operative 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 have been set 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 42 of the Financial Information.

#### ADDITIONAL INFORMATION ACC. TO SECTION 243a AUSTRIAN COMMERCIAL CODE

Please refer to Note 21 of the Financial Information.

DETAILED

ANALYSIS

# FINANCIAL INFORMATION

|  |    |
|--|----|
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# CONSOLIDATED BALANCE SHEET

| ASSETS in TEUR                             |         | 31.12.2015     | 31.12.2014     |
|--|---------|----------------|----------------|
| <b>Current assets</b>                      |         |                |                |
| Cash and cash equivalents                  |         | 196,278        | 130,220        |
| Trade accounts receivable                  | Note 5  | 49,199         | 107,311        |
| Income tax receivable                      |         | 5,205          | 641            |
| Other accounts receivable and other assets | Note 6  | 4,320          | 4,778          |
| Assets held for sale                       | Note 12 | 2,230          | 0              |
| Inventories                                | Note 7  | 133,748        | 164,694        |
| <b>TOTAL CURRENT ASSETS</b>                |         | <b>390,980</b> | <b>407,644</b> |
| <b>Non-current assets</b>                  |         |                |                |
| Property, plant & equipment                | Note 8  | 193,024        | 203,688        |
| Goodwill                                   | Note 9  | 81,718         | 100,417        |
| Other intangible assets                    | Note 9  | 50,749         | 59,735         |
| Long-term receivables and assets           | Note 10 | 12,864         | 18,962         |
| Deferred tax assets                        | Note 11 | 11,168         | 9,990          |
| <b>TOTAL NON-CURRENT ASSETS</b>            |         | <b>349,523</b> | <b>392,792</b> |
| <b>TOTAL ASSETS</b>                        |         | <b>740,503</b> | <b>800,436</b> |



# CONSOLIDATED BALANCE SHEET

| LIABILITIES AND SHAREHOLDERS' EQUITY in TEUR      |         | 31.12.2015     | 31.12.2014     |
|---|---------|----------------|----------------|
| <b>Current liabilities</b>                        |         |                |                |
| Bank loans and overdrafts                         | Note 13 | 32,174         | 35,744         |
| Current portion of bonds                          | Note 17 | 0              | 19,993         |
| Current portion of long-term loans                | Note 18 | 12,783         | 11,673         |
| Finance lease obligations                         |         | 63             | 92             |
| Trade accounts payable                            |         | 11,150         | 24,050         |
| Government grants                                 | Note 14 | 205            | 37             |
| Income taxes payable                              |         | 1,502          | 10,524         |
| Other payables                                    | Note 15 | 24,696         | 36,629         |
| Other provisions                                  | Note 16 | 4,708          | 7,013          |
| <b>TOTAL CURRENT LIABILITIES</b>                  |         | <b>87,281</b>  | <b>145,755</b> |
| <b>Non-current liabilities</b>                    |         |                |                |
| Long-term loans                                   | Note 18 | 125,049        | 98,196         |
| Finance lease obligations                         |         | 27             | 91             |
| Government grants                                 | Note 14 | 153            | 437            |
| Employee benefit obligations                      | Note 19 | 5,821          | 6,831          |
| Other payables                                    | Note 20 | 52,459         | 70,807         |
| Deferred tax liabilities                          | Note 11 | 19,353         | 22,644         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |         | <b>202,862</b> | <b>199,006</b> |
| <b>Shareholders' equity</b>                       |         |                |                |
| Share capital                                     | Note 21 | 15,982         | 15,976         |
| Contributed capital                               |         | 68,357         | 67,560         |
| Legal reserve - non-distributable                 | Note 22 | 785            | 785            |
| Other reserves                                    |         | 19             | 22             |
| Currency translation reserve                      |         | 50,166         | 13,834         |
| Retained earnings                                 |         | 315,051        | 357,498        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |         | <b>450,360</b> | <b>455,675</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |         | <b>740,503</b> | <b>800,436</b> |

# CONSOLIDATED PROFIT AND LOSS STATEMENT

| in TEUR   |         | 2015           | 2014           |
|---|---------|----------------|----------------|
| <b>Sales</b>  | Note 23 | <b>313,734</b> | <b>488,612</b> |
| Cost of goods sold  | Note 24 | -252,610       | -327,197       |
| <b>Gross profit</b>   |         | <b>61,124</b>  | <b>161,415</b> |
| Selling expenses  | Note 24 | -19,757        | -22,536        |
| General and administrative expenses   | Note 24 | -32,879        | -33,017        |
| Other operating expenses  | Note 25 | -18,738        | -14,078        |
| Other operating income  | Note 25 | 13,995         | 14,896         |
| <b>Profit from operations before impairments and restructuring measures</b> |         | <b>3,745</b>   | <b>106,680</b> |
| Restructuring income  | Note 26 | 1,181          | 0              |
| Restructuring expenses  | Note 26 | -3,146         | -374           |
| Impairment on tangible assets   | Note 8  | -2,010         | -4,258         |
| Impairment on goodwill  | Note 9  | -21,880        | -34,588        |
| <b>Profit from operations after impairments and restructuring measures</b>  |         | <b>-22,110</b> | <b>67,460</b>  |
| Interest income   |         | 1,308          | 679            |
| Interest expenses   | Note 27 | -7,940         | -11,706        |
| Other financial income  | Note 28 | 3,180          | 19,552         |
| Other financial expenses  |         | -45            | -1,133         |
| Income/expense from revaluation of option commitments                       | Note 29 | 5,575          | 5,159          |
| <b>Financial result</b>   |         | <b>2,078</b>   | <b>12,551</b>  |
| <b>Profit/loss before tax</b>   |         | <b>-20,032</b> | <b>80,011</b>  |
| Income taxes  | Note 30 | 1,050          | -26,004        |
| <b>Profit/loss after tax</b>  |         | <b>-18,982</b> | <b>54,007</b>  |
| Average number of shares outstanding  |         | 15,980,422     | 15,959,912     |
| <b>Earnings per share in EUR (basic = diluted)</b>                          |         | <b>-1.19</b>   | <b>3.38</b>    |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| in TEUR  | 2015           | 2014          |
|--|----------------|---------------|
| <b>Profit/loss after tax</b>   | <b>-18,982</b> | <b>54,007</b> |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>     |                |               |
| Foreign exchange adjustment - subsidiaries   | 34,560         | 42,244        |
| Foreign exchange adjustment - other items <sup>(1)</sup>   | 2,362          | 2,390         |
| Income tax effect <span style="float: right;">Note 30</span>                                     | -590           | -597          |
|  | <b>36,332</b>  | <b>44,037</b> |
| <b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b> |                |               |
| Remeasurement gains (losses) on defined benefit plans <span style="float: right;">Note 19</span> | 673            | -166          |
| Income tax effect  | -168           | 41            |
|  | <b>505</b>     | <b>-125</b>   |
| <b>Other comprehensive income, net of tax</b>  | <b>36,837</b>  | <b>43,912</b> |
| <b>Total comprehensive income, net of tax</b>  | <b>17,855</b>  | <b>97,919</b> |

<sup>(1)</sup> Mainly the result from translation differences from net investments in foreign entities such as long-term receivables.

# CONSOLIDATED CASHFLOW STATEMENT

| in TEUR   |         | 2015           | 2014           |
|---|---------|----------------|----------------|
| Profit/loss after tax   |         | -18,982        | 54,007         |
| Depreciation, amortization and impairments                          |         | 75,255         | 81,831         |
| Change in employee benefit obligations                              |         | -1,010         | 844            |
| Gain (loss) from sale of property, plant and equipment              |         | -1,529         | -270           |
| Income from release of government grants                            |         | -123           | -292           |
| Other non-cash expenses and revenues                                |         | -715           | 3,558          |
| Change in deferred taxes  |         | -6,615         | -734           |
| <b>Cashflow from profit</b>   |         | <b>46,281</b>  | <b>138,944</b> |
| Change in trade accounts receivable                                 |         | 65,624         | -16,165        |
| Change in other accounts receivable and other assets                |         | -3,896         | 2,284          |
| Change in inventories   |         | 43,301         | -11,782        |
| Change in trade accounts payable                                    |         | -14,211        | -19,003        |
| Change in other payables and provisions                             |         | -33,662        | -26,362        |
| <b>Cashflow from operating activities</b>                           | Note 39 | <b>103,437</b> | <b>67,916</b>  |
| Expenditures for property, plant & equipment                        |         | -22,875        | -43,798        |
| Expenditures for other intangible assets                            |         | -176           | -1,172         |
| Change in accounts payable for capital expenditure                  |         | -68            | -569           |
| Expenditures for the acquisition of subsidiaries less cash acquired | Note 40 | 0              | -23,250        |
| Proceeds from sale of property, plant & equipment                   |         | 4,811          | 4,315          |
| <b>Cashflow from investing activities</b>                           | Note 39 | <b>-18,308</b> | <b>-64,474</b> |
| Dividend payment  |         | -23,973        | -23,964        |
| Repayment finance lease   |         | -86            | -18            |
| Dividend payment to non-controlling interests                       | Note 34 | 0              | -997           |
| Change in bank loans and overdrafts                                 |         | -4,176         | 596            |
| Proceeds from long-term loans                                       | Note 18 | 41,200         | 0              |
| Repayments of long-term loans                                       | Note 18 | -13,238        | -12,935        |
| Repayments of bonds   | Note 17 | -20,000        | 0              |
| Repayments of other long-term payables                              |         | -5,189         | -1,983         |
| <b>Cashflow from financing activities</b>                           | Note 39 | <b>-25,462</b> | <b>-39,301</b> |
| <b>Change in cash and cash equivalents</b>                          |         | <b>59,667</b>  | <b>-35,859</b> |
| Cash and cash equivalents at the beginning of the year              |         | 130,220        | 158,366        |
| Effects of exchange rate changes on cash and cash equivalents       |         | 6,391          | 7,713          |
| <b>Cash and cash equivalents at the end of the year</b>             | Note 39 | <b>196,278</b> | <b>130,220</b> |
| <b>Supplementary information on operating cashflow</b>              |         |                |                |
| Interest received   |         | 700            | 639            |
| Interest paid   |         | -5,187         | -4,302         |
| Income tax paid   |         | -18,467        | -27,691        |

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

| Year 2015<br>in TEUR                      | Share<br>capital | Contributed<br>capital | Legal<br>reserve | Other<br>reserves | Currency<br>translation<br>reserve | Retained<br>earnings | Total<br>parent<br>company | Non-<br>controlling<br>interests | Total          |
|---|------------------|------------------------|------------------|-------------------|------------------------------------|----------------------|----------------------------|----------------------------------|----------------|
| Note                                      | 21               |                        | 22               |                   |                                    |                      |                            |                                  |                |
| <b>1 January 2015</b>                     | <b>15,976</b>    | <b>67,560</b>          | <b>785</b>       | <b>22</b>         | <b>13,834</b>                      | <b>357,498</b>       | <b>455,675</b>             | <b>0</b>                         | <b>455,675</b> |
| Profit/loss after tax                     |                  |                        |                  |                   |                                    | -18,982              | -18,982                    |                                  | -18,982        |
| Other comprehensive<br>income, net of tax |                  |                        |                  |                   | 36,332                             | 505                  | 36,837                     |                                  | 36,837         |
| Total comprehensive<br>income, net of tax | 0                | 0                      | 0                | 0                 | 36,332                             | -18,477              | 17,855                     | 0                                | 17,855         |
| Dividends <sup>(1)</sup>                  |                  |                        |                  |                   |                                    | -23,973              | -23,973                    |                                  | -23,973        |
| Share-based payment                       | 6                | 797                    |                  |                   |                                    |                      | 803                        |                                  | 803            |
| Change in reserves                        |                  |                        |                  | -3                |                                    | 3                    | 0                          |                                  | 0              |
| <b>31 December 2015</b>                   | <b>15,982</b>    | <b>68,357</b>          | <b>785</b>       | <b>19</b>         | <b>50,166</b>                      | <b>315,051</b>       | <b>450,360</b>             | <b>0</b>                         | <b>450,360</b> |

(1) The dividend payment in the year 2015 of TEUR 23,973 was distributed to a share capital eligible for dividends of TEUR 15,982. Accordingly, the dividend per share amounted to EUR 1.50.

| Year 2014<br>in TEUR   | Share<br>capital | Contributed<br>capital | Legal<br>reserve | Other<br>reserves | Currency<br>translation<br>reserve | Retained<br>earnings | Total<br>parent<br>company | Non-<br>controlling<br>interests | Total          |
|--|------------------|------------------------|------------------|-------------------|------------------------------------|----------------------|----------------------------|----------------------------------|----------------|
| Note   | 21               |                        | 22               |                   |                                    |                      |                            |                                  |                |
| <b>1 January 2014</b>  | <b>15,912</b>    | <b>61,567</b>          | <b>785</b>       | <b>26</b>         | <b>-30,203</b>                     | <b>332,257</b>       | <b>380,344</b>             | <b>1,843</b>                     | <b>382,187</b> |
| Profit/loss after tax  |                  |                        |                  |                   |                                    | 54,007               | 54,007                     |                                  | 54,007         |
| Other comprehensive<br>income, net of tax                                      |                  |                        |                  |                   | 44,037                             | -125                 | 43,912                     |                                  | 43,912         |
| Total comprehensive<br>income, net of tax                                      | 0                | 0                      | 0                | 0                 | 44,037                             | 53,882               | 97,919                     | 0                                | 97,919         |
| Dividends <sup>(1)</sup>   |                  |                        |                  |                   |                                    | -23,964              | -23,964                    | -997                             | -24,961        |
| Share-based payment  | 6                | 1,088                  |                  |                   |                                    |                      | 1,094                      |                                  | 1,094          |
| Decrease in non-controlling<br>interests and related disposal<br>of own shares | 58               | 4,905                  |                  |                   |                                    | -4,681               | 282                        | -846                             | -564           |
| Change in reserves   |                  |                        |                  | -4                |                                    | 4                    | 0                          |                                  | 0              |
| <b>31 December 2014</b>  | <b>15,976</b>    | <b>67,560</b>          | <b>785</b>       | <b>22</b>         | <b>13,834</b>                      | <b>357,498</b>       | <b>455,675</b>             | <b>0</b>                         | <b>455,675</b> |

(1) The dividend payment in the year 2014 of TEUR 23,964 was distributed to a share capital eligible for dividends of TEUR 15,976. Accordingly, the dividend per share amounted to EUR 1.50.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1

### INFORMATION ABOUT THE COMPANY

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (the Company, SBO), 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 2015 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 2015 (as of 31 December 2015) were released by the Executive Board on 3 March 2016.

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 2015 comprise the accounts of SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft as the group parent company and 36 subsidiaries (2014: 35 subsidiaries).

| Company  | Location           | Interest held in %<br>31 Dec. 2015 | Interest held in %<br>31 Dec. 2014 |
|--|--------------------|------------------------------------|------------------------------------|
| Schoeller-Bleckmann Oilfield Technology GmbH             | Ternitz, AT        | 100.00                             | 100.00                             |
| Schoeller-Bleckmann America Inc.                         | Wilmington, US     | 100.00                             | 100.00                             |
| Knust-Godwin LLC (*)                                     | Houston, US        | 100.00                             | 93.60                              |
| Knust-SBO Far East Pte. Ltd. (*)                         | Singapore, SG      | 100.00                             | 93.60                              |
| Schoeller-Bleckmann Energy Services L.L.C. (*)           | Lafayette, US      | 93.25                              | 86.80                              |
| Schoeller-Bleckmann Sales Co. L.L.C.                     | Houston, US        | 100.00                             | 100.00                             |
| BICO Drilling Tools Inc. (*)                             | Houston, US        | 89.55                              | 85.00                              |
| BICO Faster Drilling Tools Inc. (*)                      | Nisku, CA          | 77.91                              | 73.95                              |
| Schoeller-Bleckmann Canada Ltd.                          | Calgary, CA        | 100.00                             | 100.00                             |
| Resource Completion Systems Holdings Inc. (**)           | Calgary, CA        | 67.00                              | 67.00                              |
| Resource Well Completion Technologies Inc. (**)          | Calgary, CA        | 67.00                              | 67.00                              |
| Resource Completion Systems Inc. (**)                    | Calgary, CA        | 67.00                              | 67.00                              |
| Resource Well Completion Technologies Corp. (**)         | Dallas, US         | 67.00                              | 0.00                               |
| Schoeller-Bleckmann Oilfield Equipment (UK) Limited      | Rotherham, GB      | 100.00                             | 100.00                             |
| Darron Tool & Engineering Limited                        | Rotherham, GB      | 100.00                             | 100.00                             |
| Darron Oil Tools Limited                                 | Rotherham, GB      | 100.00                             | 100.00                             |
| Schoeller-Bleckmann Darron Limited (*)                   | Aberdeen, GB       | 91.00                              | 91.00                              |
| Schoeller-Bleckmann Darron (Aberdeen) Limited (*)        | Aberdeen, GB       | 94.00                              | 94.00                              |
| Techman Engineering Limited (*)                          | Chesterfield, GB   | 90.65                              | 91.35                              |
| Schoeller-Bleckmann (UK) Limited                         | Chesterfield, GB   | 100.00                             | 0.00                               |
| DSI FZE  | Dubai, AE          | 100.00                             | 100.00                             |
| Drilling Systems International Limited                   | Cayman Islands, CY | 100.00                             | 100.00                             |
| DSI Saudi LLC  | Al-Khobar, KSA     | 100.00                             | 0.00                               |
| DSI PBL de Mexico S. A. de C. V.                         | Villahermosa, MX   | 100.00                             | 0.00                               |
| Schoeller Bleckmann do Brasil, Ltda.                     | Macaé, BR          | 100.00                             | 100.00                             |
| Schoeller-Bleckmann de Mexico S. A. de C. V. (*)         | Monterrey, MX      | 97.00                              | 97.00                              |
| 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 Co., Ltd. | 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 20.

(\*\*) With respect to the disclosure of the shares relating to existing option agreements please see Note 20.

The shares disclosed for each company represent the respective voting rights. Therefore the control of the entity directly relates to the shares held.

In the business year 2015 the scope of consolidation changed as follows:

- › Acquisition of 100 % of the shares of Schoeller-Bleckmann (UK) Limited, Chesterfield, UK, as of 2 February 2015
- › Formation of Resource Well Completion Technologies Corp., Dallas, US on 8 May 2015. The company will be assigned to the Oilfield Equipment segment.
- › Amalgamation of Knust-SBO L.L.C. with Godwin-SBO L.L.C. under the name Knust-Godwin LLC as of 1 October 2015
- › Formation of DSI Saudi Limited Liability Company on 7 October 2015
- › Formation of DSI PBL de Mexico S. A. de C. V. on 15 December 2015

## NOTE 4

### SIGNIFICANT ACCOUNTING POLICIES

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

#### 1. Changes in accounting policies

In 2015 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 2015 if it is marked with “yes” in the table below.

| Regulation |  | Effective Date <sup>1</sup> | Impact on group financial statements |
|------------|--|-----------------------------|--------------------------------------|
| IFRIC 21   | Levies                                       | 17/6/2014                   | no                                   |
| various    | Annual Improvements to IFRSs 2011-2013 Cycle | 1/1/2015                    | no                                   |

<sup>1</sup> to be applied in the European Union for annual periods beginning on or after this date

The following new or revised standards and interpretations which have been published but are not yet mandatory or have not yet been adopted by the European Union, have not been adopted early in 2015, but will be applied in the respective reporting periods for which application becomes mandatory:

| Regulation |   | Effective Date <sup>1</sup> | Impact on group financial statements |
|------------|---|-----------------------------|--------------------------------------|
| IAS 1      | Disclosure Initiative   | 1/1/2016 <sup>1</sup>       | open                                 |
| IAS 7      | Disclosure Initiative   | 1/1/2017 <sup>2</sup>       | open                                 |
| IAS 12     | Recognition of Deferred Tax Assets for Unrealised Losses                              | 1/1/2017 <sup>2</sup>       | no                                   |
| IAS 16     | Clarification of Acceptable methods of Depreciation and Amortization                  | 1/1/2016 <sup>1</sup>       | no                                   |
| IAS 38     |   |                             |                                      |
| IAS 16     | Agriculture: Bearer plants  | 1/1/2016 <sup>1</sup>       | no                                   |
| IAS 41     |   |                             |                                      |
| IAS 19     | Defined benefit plans: Employee Contributions   | 1/2/2015 <sup>1</sup>       | no                                   |
| IAS 27     | Equity Method in Separate Financial Statements  | 1/1/2016 <sup>1</sup>       | no                                   |
| IFRS 9     | Financial Instruments   | 1/1/2018 <sup>2</sup>       | open                                 |
| IFRS 10    | Sale or Contribution of assets between an Investor and its Associate or Joint Venture | Deferred indefinitely       | no                                   |
| IAS 28     |   |                             |                                      |
| IFRS 10    |   |                             |                                      |
| IFRS 12    | Investment Entities: Applying the Consolidation Exception                             | 1/1/2016 <sup>2</sup>       | no                                   |
| IAS 28     |   |                             |                                      |
| IFRS 11    | Accounting for Acquisitions of Interests in Joint Operations                          | 1/1/2016 <sup>1</sup>       | no                                   |
| IFRS 15    | Revenue from Contracts with Customers   | 1/1/2018 <sup>2</sup>       | yes                                  |
| IFRS 16    | Leasing   | 1/1/2019 <sup>2</sup>       | yes                                  |
| various    | Annual Improvements to IFRSs 2010-2012 Cycle  | 1/2/2015 <sup>1</sup>       | no                                   |
| various    | Annual Improvements to IFRSs 2012-2014 Cycle  | 1/1/2016 <sup>1</sup>       | no                                   |

<sup>1</sup> to be applied in the European Union for annual periods beginning on or after this date

<sup>2</sup> this standard is not yet mandatory in the European Union and was not adopted early in 2015. The date listed refers to the effective date published by the IASB.

### IFRS 9 Financial Instruments

IFRS 9 introduces a single approach for the classification and measurement of financial assets. The standard refers to their cashflow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The Company is currently assessing the impacts of adopting IFRS 9 on the Company's Consolidated Financial Statements. The Company expects that the adoption of IFRS 9 will not have material effects on the Company's Consolidated Financial Statements.

### IFRS 15 Revenue from Contracts with Customers

According to the new standard, the recognition of revenue reflects the transfer of promised goods or services to a customer at the amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when the entity fulfills the delivery of goods or services. IFRS 15 also requires a set of quantitative and qualitative disclosures to enable users of the Company's Consolidated Financial Statements to understand the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers.

The group is currently evaluating the impact of the new standard on the consolidated financial results. The analysis carried out to date has shown that no impact on the consolidated figures is expected in the case of contracts with customers when the performance obligation is limited to the sale of goods. Revenue is recognized at the date on which the power of disposition for the delivered asset passes to the customer. This is principally the case when the respective goods are delivered. In the event of repair or maintenance services, revenue is recognized at the time of delivery of the repaired or maintained goods, which is identical with the passing of the disposition power to the customer. In the event of contracts with customers where the obligation is the lease of drilling tools, revenue recognition depends on the use, i.e., over the period during which the customer benefits from the use of the drilling tools. Also in this case no impact on the consolidated figures is expected. The evaluation process will be continued and a preliminary application of the standard is not considered at this point.

## IFRS 16 Leasing

The new standard covers the recognition and measurement of lease agreements, as well as the obligation to disclose data therein. It requires one single accounting model for the lessee which results in the lessee's obligation to recognize all assets and liabilities from lease agreements in the balance sheet. Exempted are lease agreements with a term of 12 months or less, as well as agreements regarding low-value assets.

The lessor will continue to distinguish between financing and operating lease, with the IFRS 16 model being almost identical with the IAS 17 standard. The company is currently evaluating the impact of applying IFRS 16 on the consolidated results.

## 2. Balance sheet date

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

## 3. 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.

In the course of a business combination in 2014 the Company entitled the non-controlling interests to sell their shares to the Company at any time on or after 31 March 2018. The Company has committed itself to purchase the offered shares. In addition the Company obtained the right to purchase the shares from the non-controlling interests at any time on or after 31 March 2018. The non-controlling interests have committed themselves to sell the respective shares (put- and call option) in this case. The purchase price depends on the profits generated by the acquired company as well as on the EBITDA multiple of Schoeller-Bleckmann Oilfield Equipment AG (SBO) at the time of the transfer. The anticipated discounted purchase amount under this option is determined based on current planning figures and is recognized in other liabilities as granting of the option created an unconditional payment obligation for the Group. As the option can be exercised by both parties at equivalent terms the Group has effectively acquired 100 % of the shares of the subsidiary at the time of the business combination.

In the course of another business combination 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 (put option). The purchase price depends on the profits generated by the acquired company. The anticipated discounted purchase amount under 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 for the Group.

From a group perspective due to these option agreements 100 % of the shares of these two subsidiaries are consolidated. Profits of the respective entities 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 starting from 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.

#### 4. Going concern basis

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



## 5. Uniform accounting principles

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

## 6. Foreign currency translation

The consolidated financial statements are denominated in Euros, the functional and reporting currency of the parent company. Each group member determines its own functional currency. All financial statement line items of each individual company 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 recognized in profit or loss in the period they occurred.

For the group financial statements, the financial statements of foreign subsidiaries which are prepared using their functional currency are translated into Euros using the modified closing rate method:

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

The development of the currency rates was as follows:

| 1 EUR = | Balance sheet date |                  | Average annual rate |          |
|---------|--------------------|------------------|---------------------|----------|
|         | 31 December 2015   | 31 December 2014 | 2015                | 2014     |
| USD     | 1.0887             | 1.2141           | 1.1096              | 1.3288   |
| GBP     | 0.7340             | 0.7789           | 0.7260              | 0.8064   |
| CAD     | 1.5116             | 1.4063           | 1.4176              | 1.4669   |
| MXN     | 18.9145            | 17.8679          | 17.5995             | 17.6621  |
| BRL     | 4.3117             | 3.2207           | 3.6916              | 3.1228   |
| VND     | 24,575.2           | 26,023.2         | 24,223.1            | 28,040.3 |

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”.

#### 7. 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.

#### 8. Financial instruments

A financial instrument is an agreement which simultaneously creates a financial asset in one company and a financial liability or an equity instrument in the other company.

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

A financial asset is derecognized when:

- › the rights to receive cashflows from the asset have expired,
- › the Company retains the right to receive cashflows 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 cashflows 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 recognized within equity. The fair value is the market value of the respective assets at the balance sheet date. Upon disposal or impairment of such marketable financial assets recognized within 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 through 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, financial liabilities include purchase prices for the interest in subsidiaries, which are held by the respective management. 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 interest income, respectively, 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 option commitments 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 cashflows 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).

## 9. 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.

## 10. Tangible and intangible fixed assets

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

|   | <b>Useful life in years</b> |
|---|-----------------------------|
| <b>Intangible assets:</b>               |                             |
| Software                                | 4                           |
| Technology                              | 5 - 10                      |
| Customer base                           | 5 - 10                      |
| Non-compete agreements                  | 5 - 10                      |
| Trademarks                              | 10                          |
| <b>Property, plant &amp; equipment:</b> |                             |
| 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.

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 of 4.0 %. 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 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.

## 11. 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 cashflows.

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



## 12. 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.

## 13. 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”).

## 14. 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.

## 15. 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 four 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. For further details on provisions for severance payments please refer to Note 19.

### 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.

#### 16. 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.

#### 17. Revenue recognition

Sales revenue from the sale of manufactured items and goods is recognized when risks are transferred, generally upon delivery to the customer. Revenues from service and repair are recognized at the time of performance of the related services.

Several entities within SBO group operate as lessors. Lease agreements refer to operating lease only. Revenue on operating leases is recognized based on actual usage of the tools under the lease agreement by the customer.

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

#### 18. 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. In the group accounts development cost were not capitalized since the requirements of IAS 38 are not met and amounts have not been significant, respectively.

#### 19. Share based payment

In 2014 an agreement on share based payment was entered into with the Chief Executive Officer for the period 2014-2018 providing a valid employment status. As the plan is and will be settled with equity instruments the related transactions are recognized in personnel expense and within equity.

## 20. 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.

## 21. 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 40).

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).

Deferred tax assets are accounted for tax losses not used, to the extent it is expectable that taxable income will in fact be available so that losses carried forward can actually be used. When accounting [deferred tax assets](#), a significant amount of discretion on the part of the management is required to determine at which time and to what extent taxable income will be available so that the temporary differences or losses carried forward can actually be used (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 16).

**Expenses for defined benefit plans** are based on actuarial computations. For such calculations it is necessary to make assumptions on the discount rate, future salary increases, mortality rates and fluctuation rates (see Note 19).

**Liabilities for option commitments relating to cancelable non-controlling interests** are recorded at the time of acquisition at their fair value and are revalued in following periods at their fair value on each reporting date. The fair values are determined on the basis of the discounted cashflows, which are derived from the most recent profit planning of the companies involved and in one case also from the EBITDA multiple of SBO at the time the option is exercised. Discretionary decisions are necessary to anticipate future cashflows, the choice of a reasonable discount rate and the EBITDA multiple (see Notes 15, 20 and 29).

**Liabilities from contingent purchase price payments** due to business combinations are measured as part of the business combination at the fair value on the acquisition date. If the contingent purchase price payment fulfils the criteria of a financial liability it will be revalued in the following periods to reflect the fair value at the reporting date. The fair values are determined on the basis of the discounted cashflows, each of which is derived from the most recent sales and earnings forecast. The basic assumptions take into consideration the discount factor and the probability that the result targets will actually be achieved (see Notes 15, 20 and 35).

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 20).

## 22. Retrospective Adjustments

Based on materiality considerations income and expenses from the revaluation of option commitments are presented in a separate line item "income/expense from the revaluation of option commitments" in the profit and loss statement for the year in order to allow for a more reliable and relevant presentation of the Company's financial performance. In order to ensure comparability, the income from the revaluation at TEUR 5,159 reported within other financial income in 2014 was reclassified retrospectively to "income/expense from revaluation of option commitments".

Furthermore, for the purpose of improved presentation, losses from impairment on tangible assets in the amount of TEUR 4,258 which had been reported within restructuring expenses in 2014, were reclassified retrospectively to the separate line item "impairment on tangible assets".

The following table presents the retrospective adjustments of the financial information 2014 and the effects of these adjustments on the financial information 2015:

Effects on the consolidated profit and loss statement:

| in TEUR   | 2015   | 2014   |
|---|--------|--------|
| Restructuring expenses                                | -3,146 | 4,258  |
| Impairment on tangible assets                         | -2,010 | -4,258 |
| Profit from operations                                | 0      | 0      |
| Other financial income                                | -5,575 | -5,159 |
| Income/expense from revaluation of option commitments | 5,575  | 5,159  |
| Financial result                                      | 0      | 0      |

These reclassifications within the profit and loss statement did not have any effects on earnings per share and balance sheet amounts, respectively. In addition there were no reclassifications within the cashflow.

## NOTE 5

## TRADE ACCOUNTS RECEIVABLE

An analysis of trade accounts receivable 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 |
| 2015    | 49,199         | 26,016                        | 10,389                 | 5,740      | 4,045      | 1,702       | 1,167      |
| 2014    | 107,311        | 61,099                        | 22,132                 | 10,951     | 7,360      | 2,789       | 2,668      |

Trade accounts receivable with a duration of more than 12 months amount to TEUR 0 (2014: TEUR 962).

The book value of impaired balances amounted to TEUR 139 (2014: TEUR 312). Provisions for bad debts are recorded when there is evidence for an impending payment default, usually when payments are overdue by more than 180 days.

The allowance account reflects the following:

| in TEUR                  | 2015         | 2014         |
|--------------------------|--------------|--------------|
| As of 1 January          | 2,176        | 2,056        |
| Exchange differences     | 154          | 210          |
| Business combinations    | 0            | 559          |
| Consumption              | -28          | -1,451       |
| Reversal                 | -1,227       | -616         |
| Expensed addition        | 4,810        | 1,418        |
| <b>As of 31 December</b> | <b>5,885</b> | <b>2,176</b> |

The receivables listed are not secured.



## NOTE 6

### OTHER ACCOUNTS RECEIVABLE AND ASSETS

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 2015 | 31 December 2014 |
|------------------|------------------|------------------|
| Raw materials    | 7,021            | 13,622           |
| Work in progress | 56,049           | 66,849           |
| Finished goods   | 70,644           | 84,107           |
| Prepayments      | 34               | 116              |
| <b>Total</b>     | <b>133,748</b>   | <b>164,694</b>   |

Allowance expenses booked for 2015 were TEUR 5,643 (2014: TEUR 3,943).

## NOTE 8

## PROPERTY, PLANT &amp; EQUIPMENT

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

| Year 2015<br>in TEUR                             | Land &<br>buildings | Plant &<br>machinery | Fixtures,<br>furniture &<br>equipment | Prepayments &<br>assets under<br>construction | Total   |
|--|---------------------|----------------------|---------------------------------------|---|---------|
| <b>At cost</b>                                   |                     |                      |                                       |   |         |
| 1 January 2015                                   | 96,941              | 354,406              | 14,561                                | 5,810   | 471,718 |
| Exchange differences                             | 6,084               | 21,948               | 715                                   | 162   | 28,909  |
| Additions  | 2,164               | 18,930               | 598                                   | 1,183   | 22,875  |
| Transfers  | 24                  | 6,030                | 14                                    | -6,073  | -5      |
| Classification as "held for sale"                | -3,250              | -12,608              | -372                                  | 0   | -16,230 |
| Disposals  | -340                | -16,467              | -1,776                                | -9  | -18,592 |
| 31 December 2015                                 | 101,623             | 372,239              | 13,740                                | 1,073   | 488,675 |
| <b>Accumulated depreciation &amp; impairment</b> |                     |                      |                                       |   |         |
| 1 January 2015                                   | 24,300              | 233,087              | 10,643                                | 0   | 268,030 |
| Exchange differences                             | 1,488               | 13,376               | 556                                   | 0   | 15,420  |
| Additions depreciation                           | 3,409               | 34,479               | 1,613                                 | 0   | 39,501  |
| Additions impairment                             | 0                   | 2,010                | 0                                     | 0   | 2,010   |
| Classification as "held for sale"                | -1,871              | -11,780              | -349                                  | 0   | -14,000 |
| Disposals  | -337                | -13,257              | -1,716                                | 0   | -15,310 |
| 31 December 2015                                 | 26,989              | 257,915              | 10,747                                | 0   | 295,651 |
| <b>Carrying value</b>                            |                     |                      |                                       |   |         |
| 31 December 2015                                 | 74,634              | 114,324              | 2,993                                 | 1,073   | 193,024 |
| 31 December 2014                                 | 72,641              | 121,319              | 3,918                                 | 5,810   | 203,688 |

| Year 2014<br>in TEUR                             | Land &<br>buildings | Plant &<br>machinery | Fixtures,<br>furniture &<br>equipment | Prepayments<br>& assets under<br>construction | Total   |
|--|---------------------|----------------------|---------------------------------------|---|---------|
| <b>At cost</b>                                   |                     |                      |                                       |   |         |
| 1 January 2014                                   | 85,013              | 305,060              | 12,283                                | 8,287   | 410,643 |
| Exchange differences                             | 6,362               | 24,100               | 858                                   | 313   | 31,633  |
| Business combinations                            | 40                  | 112                  | 599                                   | 0   | 751     |
| Additions  | 3,072               | 32,357               | 1,750                                 | 6,619   | 43,798  |
| Transfers  | 2,736               | 6,673                | 0                                     | -9,409  | 0       |
| Disposals  | -282                | -13,896              | -929                                  | 0   | -15,107 |
| 31 December 2014                                 | 96,941              | 354,406              | 14,561                                | 5,810   | 471,718 |
| <b>Accumulated depreciation &amp; impairment</b> |                     |                      |                                       |   |         |
| 1 January 2014                                   | 19,970              | 193,052              | 9,191                                 | 0   | 222,213 |
| Exchange differences                             | 1,523               | 14,278               | 648                                   | 0   | 16,449  |
| Business combinations                            | 18                  | 36                   | 361                                   | 0   | 415     |
| Additions depreciation                           | 3,010               | 31,396               | 1,352                                 | 0   | 35,758  |
| Additions impairment                             | 0                   | 4,257                | 0                                     | 0   | 4,257   |
| Transfers  | 45                  | -45                  | 0                                     | 0   | 0       |
| Disposals  | -266                | -9,887               | -909                                  | 0   | -11,062 |
| 31 December 2014                                 | 24,300              | 233,087              | 10,643                                | 0   | 268,030 |
| <b>Carrying value</b>                            |                     |                      |                                       |   |         |
| 31 December 2014                                 | 72,641              | 121,319              | 3,918                                 | 5,810   | 203,688 |
| 31 December 2013                                 | 65,043              | 112,008              | 3,092                                 | 8,287   | 188,430 |

The Company has manufacturing facilities in the following countries: Austria, USA, 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.

Further details on the classification to held for sale and impairment during the fiscal year 2015 can be found in Note 12.

In fiscal year 2014 the company recorded TEUR 4,258 within restructuring expenses relating to impairment on plant and machinery of the cash generating unit Darron Tool & Engineering Limited in the segment High Precision Components due to concentrating parts of the manufacturing process on one site. In 2015 this impairment amount was retrospectively reclassified to "impairment on tangible assets" (see Note 4 and Note 26).

No write-ups were made in 2015 and 2014.

As of 31 December 2015 commitments for capital expenditure amounted to TEUR 3,062 (2014: TEUR 5,229).

## FINANCE LEASE

Plant and machinery held under finance lease are as follows:

| in TEUR                  | 31 December 2015 | 31 December 2014 |
|--------------------------|------------------|------------------|
| Acquisition cost         | 394              | 483              |
| Accumulated depreciation | -356             | -288             |
| <b>Carrying value</b>    | <b>38</b>        | <b>195</b>       |

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

| in TEUR                      | 31 December 2015 | 31 December 2014 |
|------------------------------|------------------|------------------|
| For the following year       | 65               | 99               |
| Between one and five years   | 27               | 94               |
| More than five years         | 0                | 0                |
| Total minimum lease payments | 92               | 193              |
| Less discount                | -2               | -10              |
| <b>Present value</b>         | <b>90</b>        | <b>183</b>       |

## OPERATING LEASE

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

| in TEUR                    | 31 December 2015 | 31 December 2014 |
|----------------------------|------------------|------------------|
| For the following year     | 1,361            | 1,652            |
| Between one and five years | 2,128            | 1,788            |
| After five years           | 175              | 142              |

Payments for operating leases which were expensed in the current year amounted to TEUR 2,079 (2014: TEUR 1,824).

## NOTE 9

## INTANGIBLE ASSETS

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

| Year 2015<br>in TEUR                                | Goodwill | Technology | Non-competit<br>agreements | Customer base | Miscellaneous<br>intangible<br>assets | Total   |
|---|----------|------------|----------------------------|---------------|---------------------------------------|---------|
| <b>At cost</b>                                      |          |            |                            |               |                                       |         |
| 1 January 2015                                      | 162,204  | 48,360     | 10,715                     | 35,948        | 10,734                                | 267,961 |
| Exchange differences                                | 4,101    | 3,460      | 7                          | 2,402         | 690                                   | 10,660  |
| Additions   | 0        | 0          | 0                          | 0             | 176                                   | 176     |
| Transfers   | 0        | 0          | 0                          | 0             | 5                                     | 5       |
| Disposals   | 0        | 0          | 0                          | 0             | -5                                    | -5      |
| 31 December 2015                                    | 166,305  | 51,820     | 10,722                     | 38,350        | 11,600                                | 278,797 |
| <b>Accumulated amortization<br/>and impairments</b> |          |            |                            |               |                                       |         |
| 1 January 2015                                      | 61,787   | 21,886     | 3,740                      | 14,962        | 5,434                                 | 107,809 |
| Exchange differences                                | 920      | 2,012      | 235                        | 1,312         | 303                                   | 4,782   |
| Additions amortization                              | 0        | 4,599      | 1,940                      | 4,343         | 982                                   | 11,864  |
| Additions impairment                                | 21,880   | 0          | 0                          | 0             | 0                                     | 21,880  |
| Disposals   | 0        | 0          | 0                          | 0             | -5                                    | -5      |
| 31 December 2015                                    | 84,587   | 28,497     | 5,915                      | 20,617        | 6,714                                 | 146,330 |
| <b>Carrying value</b>                               |          |            |                            |               |                                       |         |
| 31 December 2015                                    | 81,718   | 23,323     | 4,807                      | 17,733        | 4,886                                 | 132,467 |
| 31 December 2014                                    | 100,417  | 26,474     | 6,975                      | 20,986        | 5,300                                 | 160,152 |

| Year 2014<br>in TEUR                                | Goodwill | Technology | Non-compete<br>agreements | Customer base | Miscellaneous<br>intangible<br>assets | Total   |
|---|----------|------------|---------------------------|---------------|---------------------------------------|---------|
| <b>At cost</b>                                      |          |            |                           |               |                                       |         |
| 1 January 2014                                      | 86,853   | 39,237     | 6,796                     | 25,938        | 8,615                                 | 167,439 |
| Exchange differences                                | 9,155    | 4,301      | 343                       | 3,045         | 739                                   | 17,583  |
| Business combinations                               | 66,196   | 4,822      | 3,576                     | 6,965         | 216                                   | 81,775  |
| Additions   | 0        | 0          | 0                         | 0             | 1,172                                 | 1,172   |
| Disposals   | 0        | 0          | 0                         | 0             | -8                                    | -8      |
| 31 December 2014                                    | 162,204  | 48,360     | 10,715                    | 35,948        | 10,734                                | 267,961 |
| <b>Accumulated amortization<br/>and impairments</b> |          |            |                           |               |                                       |         |
| 1 January 2014                                      | 23,336   | 17,436     | 2,368                     | 10,860        | 4,297                                 | 58,297  |
| Exchange differences                                | 3,863    | 1,963      | 195                       | 1,365         | 318                                   | 7,704   |
| Additions amortization                              | 0        | 2,487      | 1,177                     | 2,737         | 827                                   | 7,228   |
| Additions impairment                                | 34,588   | 0          | 0                         | 0             | 0                                     | 34,588  |
| Disposals   | 0        | 0          | 0                         | 0             | -8                                    | -8      |
| 31 December 2014                                    | 61,787   | 21,886     | 3,740                     | 14,962        | 5,434                                 | 107,809 |
| <b>Carrying value</b>                               |          |            |                           |               |                                       |         |
| 31 December 2014                                    | 100,417  | 26,474     | 6,975                     | 20,986        | 5,300                                 | 160,152 |
| 31 December 2013                                    | 63,517   | 21,801     | 4,428                     | 15,078        | 4,318                                 | 109,142 |

As of 31 December 2015, commitments for acquisitions of intangible assets amounted to TEUR 0 (2014: TEUR 0).

## 1. Goodwill

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

| in TEUR                                       | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| <b>Segment High Precision Components</b>      |                  |                  |
| Knust-Godwin LLC                              | 20,482           | 18,366           |
| Schoeller-Bleckmann Oilfield Technology GmbH  | 4,655            | 4,655            |
| Techman Engineering Limited                   | 0                | 1,684            |
| <b>Segment Oilfield Equipment</b>             |                  |                  |
| Resource Well Completion Technologies Inc.    | 27,690           | 44,340           |
| DSI FZE                                       | 22,938           | 20,617           |
| BICO Drilling Tools Inc.                      | 5,031            | 9,824            |
| Schoeller-Bleckmann Darron (Aberdeen) Limited | 798              | 798              |
| BICO Faster Drilling Tools Inc.               | 124              | 133              |
| Total   | 81,718           | 100,417          |

Impairment testing for each cash generating unit was computed by using their value in use, which is based on the estimated future cashflows and a capital cost rate after 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 5 years (2014: 5 years) is used, which is based on the budgets of the management. For the terminal period, a fixed growth rate of 1 % (2014: 1 %) was considered for all cash generating units.

The following discount rates were used as of 31 December 2015 and 2014, respectively:

| WACC (after tax) in %                         | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| <b>Segment High Precision Components</b>      |                  |                  |
| Knust-Godwin LLC                              | 9.0 %            | 11.2 %           |
| Schoeller-Bleckmann Oilfield Technology GmbH  | 8.4 %            | 10.6 %           |
| Techman Engineering Limited                   | 9.3 %            | 11.4 %           |
| <b>Segment Oilfield Equipment</b>             |                  |                  |
| Resource Well Completion Technologies Inc.    | 8.5 %            | 10.9 %           |
| DSI FZE                                       | 10.1 %           | 12.2 %           |
| BICO Drilling Tools Inc.                      | 9.0 %            | 11.2 %           |
| Schoeller-Bleckmann Darron (Aberdeen) Limited | 9.3 %            | 11.4 %           |

The changes in weighted average cost of capital (WACC) compared to the previous year largely result from a change in the capital structure at market values which is derived from an adequate peer group, and which leads to a changed relative weight of cost of equity and cost of debt.

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. Sales and cashflow plans consider the cyclicality of the industry derived from historical experiences as well as long-term developments of the business market. Sales plans are based on the demand forecasts of our main customers, on the current backlog of orders, and expected market growth according to expected business development considering expected future CAPEX spending in the oilfield service industry. 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.

Due to changed assumptions on expectations regarding capital expenditures in the oilfield service industry derived from short- and long-term oil price and rig count development the Company performed impairment tests as of 30 September 2015. Decreased profit expectations in the current market environment led to the recognition of impairment on goodwill for the cash generating units BICO Drilling Tools Inc., Resource Well Completion Technologies Inc. and Techman Engineering Limited as the carrying amounts (including goodwill) of the cash generating units exceeded their corresponding value in use. These impairment amounts are reported in the profit and loss item "impairment on goodwill". Annual impairment tests were performed as of 31 December 2015 using updated parameters. Changes in the WACC applied arising from external factors led to an increase of the value in use for all cash generating units. Impairment amounts recorded in the third quarter were not reversed.



Reduced oil prices during the last year resulted particularly in North America in a decline of drilling activities of oilfield service companies. Therefore goodwill of the cash generating unit Resource Well Completion Technologies Inc., which offers high-end-products for particularly efficient stimulation of oil and gas reservoirs, was impaired by TEUR 14,461 in 2015. In 2014 an impairment charge for Resource Well Completion Technologies Inc. was recorded at TEUR 21,303.

The unfavorable development of drilling activities on the North American market and reduced price levels led to an adjustment in the evaluation of the development of the cash generating unit BICO Drilling Tools Inc. mainly operating in the drilling motor business. As a result, an impairment charge of TEUR 5,587 was recognized in 2015.

As a result of reduced profit expectations due to unfavorable development of capex plans of customers in UK goodwill of the cash generating unit Techman Engineering Limited was fully impaired in 2015. The impairment charge amounted to TEUR 1,832.

The value in use of cash generating units, for which impairment charges were recognized in 2015, is set forth in the following table

| in TEUR                                    | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| Resource Well Completion Technologies Inc. | 54,471           | 67,446           |
| BICO Drilling Tools Inc.                   | 126,273          | 129,399          |
| Techman Engineering Limited                | 27,531           | 26,323           |

For all other cash generating units the impairment tests carried out demonstrated that no write-down of goodwill was necessary.

The Company prepared sensitivity analyses for all cash generating units, which revealed that a reduction of planned cashflows by 10 % or an increase of discount rates by one percentage point do not result in any impairment requirements.

Changes in the carrying amounts of goodwill for DSI FZE and BICO Faster Drilling Tools were due to the conversion of foreign exchange amounts.

## Impairment 2014

In the fiscal year 2014 an impairment amount at TEUR 10,408 related to the cash generating unit Godwin-SBO L.L.C. was recorded. The recoverable amount of TEUR 40,597 was determined using a discount rate of 11.2 %. Due to the amalgamation of the company in 2015 with the legal entity and cash generating unit Knust-SBO L.L.C. which is also assigned to the Segment High Precision Components to form Knust-Godwin LLC followed by a change in the internal management a reallocation and combination, respectively, of goodwill allocated to the two previously separated cash generating units took place. At the time of the merger the carrying amounts of Knust goodwill was TEUR 17,022, the carrying amount of Godwin goodwill was TEUR 2,882. Changes to the balance at TEUR 20,482 as of 31 December 2015 refer to foreign exchange conversions.

In 2014 an impairment of TEUR 2,877 was recorded relating to the cash generating unit Darron Tool & Engineering Limited. The recoverable amount of TEUR 13,133 was determined using a discount rate of 11.4 %.

## 2. Other intangible assets

Other intangible assets mainly comprise acquired technology, customer base, trademarks and rights from non-compete agreements relating to circulation tools from a business combination in the year 2010 (carrying amount 31 Dec 2015: TEUR 25,254; 31 Dec 2014: TEUR 27,705). These assets are amortized over a useful life of 10 years.

In addition, as part of the initial accounting of Resource Well Completion Technologies Inc. acquired technology (carrying amount 31 Dec 2015: TEUR 3,753; 31 Dec 2014: TEUR 4,725) and acquired customer base (carrying amount 31 Dec 2015: TEUR 4,986; 31 Dec 2014: TEUR 6,757) were capitalized in the business year 2014. The acquired technology will be amortized over a period of 7 years starting from acquisition date, the customer base will be amortized using a useful life of 5 years. Furthermore, non-compete agreements with a duration of 5 years were capitalized (carrying amount 31 Dec 2015: TEUR 2,560; 31 Dec 2014: TEUR 3,469).

Further other intangible assets relate to technology and non-compete agreements which were acquired in the course of a business combination in 2012.

In addition, other intangible assets include 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 20). 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 2015 | 31 December 2014 |
|------------------------------|------------------|------------------|
| Loans                        | 12,259           | 18,454           |
| Other receivables and assets | 605              | 508              |
| <b>Total</b>                 | <b>12,864</b>    | <b>18,962</b>    |

As there were no past-due receivables, no write-downs had to be made either as of 31 December 2015 or 31 December 2014.

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 2015 | 31 December 2015 | 31 December 2014 | 31 December 2014 |
|---|------------------|------------------|------------------|------------------|
|   | assets           | liabilities      | assets           | liabilities      |
| Property, plant & equipment (differences in useful lives)       | 0                | -6,789           | 0                | -7,271           |
| Property, plant & equipment (differences in valuation)          | 925              | -3,835           | 1,007            | -4,959           |
| Other intangible assets (differences in useful lives)           | 0                | -458             | 0                | -399             |
| Goodwill and other intangible assets (differences in valuation) | 14               | -11,231          | 910              | -11,704          |
| Inventories (differences in valuation)                          | 8,798            | 0                | 5,972            | 0                |
| Write-down of shares in subsidiaries                            | 1,775            | 0                | 1,000            | 0                |
| Other items (differences in valuation)                          | 2,049            | -402             | 1,092            | -773             |
| Accruals and provisions   | 1,840            | 0                | 2,209            | 0                |
| Exchange differences intercompany debt elimination              | 0                | -3,420           | 0                | -2,332           |
| Tax loss carry forwards   | 2,549            | 0                | 2,594            | 0                |
| <b>Subtotal</b>   | <b>17,950</b>    | <b>-26,135</b>   | <b>14,784</b>    | <b>-27,438</b>   |
| Netting related to identical tax authorities                    | -6,782           | 6,782            | -4,794           | 4,794            |
| <b>Total</b>  | <b>11,168</b>    | <b>-19,353</b>   | <b>9,990</b>     | <b>-22,644</b>   |

Deferred tax assets related to tax loss carry forwards in the amount of TEUR 3,061 (2014: TEUR 803) were not recognized, because the utilization of these losses could not be expected for the foreseeable future (thereof an amount of TEUR 0 can only be utilized until 2016; 2014: TEUR 0 can only be utilized until 2015).

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 2015 amount to TEUR 113,178 (2014: TEUR 92,474) due to the fact that dividend payments or the sale of certain subsidiaries would be taxable. However, as the Group does not plan dividends from or disposals of these subsidiaries in the foreseeable future no deferred taxes were recognized according to IAS 12.39. For expected dividend payments deferred tax liabilities of TEUR 0 were recognized at 31 December 2015 (2014: TEUR 408).

## NOTE 12

### ASSETS HELD FOR SALE

In connection with the merger of Knust-SBO L.L.C. and Godwin-SBO L.L.C. to Knust-Godwin LLC and the consolidation of the two production facilities on the site of the former Godwin-SBO L.L.C. in 2015, it was decided to sell some machinery no longer needed. Immediately before reclassification to assets held for sale impairment was recorded at TEUR 2,010 due to revaluing these machines at their fair value less cost to sell. This impairment amount is reported in the profit and loss account in the line item "impairment on tangible assets". The recoverable amount at TEUR 828 was derived from offers and sales prices achieved for similar used equipment which is categorized within level 3 of the fair value hierarchy. The impairment loss resulted in a reduction of taxes on income in the amount of TEUR 717.

Furthermore, relating to the restructuring processes started in 2014 in UK in the segment High Precision Components it was decided in the year 2015 to sell the production site of Darron Tool & Engineering after transfer of the machinery to the site of Techman Engineering Limited. The carrying amount of the land and building as of 31 December 2015 is TEUR 1,402. There was no requirement for impairment.

Management expects that these transactions will be closed within the next 12 months.

## NOTE 13

### BANK LOANS AND OVERDRAFTS

As of 31 December 2015, the short-term loan arrangements were as follows:

| Currency                     | Amount in TEUR | Interest rate in % |
|------------------------------|----------------|--------------------|
| GBP loans                    | 8,174          | 1.33 % variable    |
| Export promotion loans (EUR) | 24,000         | 0.28 % variable    |
| <b>Total</b>                 | <b>32,174</b>  |                    |

As of 31 December 2014, the short-term loan arrangements were as follows:

| Currency                     | Amount in TEUR | Interest rate in %   |
|------------------------------|----------------|----------------------|
| GBP loans                    | 7,703          | 1.26 % variable      |
| CAD loans                    | 2,394          | 4.50-5.00 % variable |
| USD loans                    | 1,647          | 1.30 % variable      |
| Subtotal                     | 11,744         |                      |
| Export promotion loans (EUR) | 24,000         | 0.48 % variable      |
| <b>Total</b>                 | <b>35,744</b>  |                      |

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 28,800 (2014: TEUR 28,800) to securitize these loans.

The [CAD borrowings](#) due to banks in the amount of TEUR 0 (2014: TEUR 2,394) are collateralized by the entire assets of the borrowing company ("floating charge").

The [USD borrowings](#) due to banks in the amount of TEUR 0 (2014: TEUR 1,647) are collateralized by specific current assets of the borrowing company ("floating charge").

## NOTE 14

### 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 2015 and 2014. The subsidies received amount to TEUR 358 as of 31 December 2015 (2014: TEUR 474).

## NOTE 15

### OTHER PAYABLES

Other short-term payables were as follows:

| in TEUR  | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| Vacation not yet used  | 1,457            | 2,226            |
| Other personnel expenses   | 4,608            | 13,313           |
| Legal and other counseling fees                                    | 1,049            | 1,471            |
| Taxes  | 1,945            | 2,108            |
| Social expenses  | 3,721            | 3,910            |
| Option commitment relating to cancelable non-controlling interests | 5,048            | 4,160            |
| Contingent purchase price payments                                 | 2,237            | 4,428            |
| Sundry payables  | 4,631            | 5,013            |
| <b>Total</b>   | <b>24,696</b>    | <b>36,629</b>    |

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 2015 an option commitment relating to cancelable non-controlling interests in the amount of TEUR 5,048 (2014: TEUR 4,160) was recognized.

Regarding contingent purchase price payments relating to business combinations please see Note 20.

## NOTE 16

### OTHER PROVISIONS

The other provisions developed as follows:

| Year 2015                  |              |             |               |           |              |
|----------------------------|--------------|-------------|---------------|-----------|--------------|
| in TEUR                    | 31 Dec. 2014 | Usage       | Reversal      | Additions | 31 Dec. 2015 |
| Warranty/Product liability | 6,513        | -383        | -1,528        | 43        | 4,645        |
| Other                      | 500          | -16         | -421          | 0         | 63           |
| <b>Total</b>               | <b>7,013</b> | <b>-399</b> | <b>-1,949</b> | <b>43</b> | <b>4,708</b> |

| Year 2014                  |              |             |               |            |              |
|----------------------------|--------------|-------------|---------------|------------|--------------|
| in TEUR                    | 31 Dec. 2013 | Usage       | Reversal      | Additions  | 31 Dec. 2014 |
| Warranty/Product liability | 9,241        | -248        | -2,968        | 488        | 6,513        |
| Other                      | 69           | 0           | 0             | 431        | 500          |
| <b>Total</b>               | <b>9,310</b> | <b>-248</b> | <b>-2,968</b> | <b>919</b> | <b>7,013</b> |

A warranty provision amounting to TEUR 1,528 as of 31 December 2014 relating to nonconformance of parts delivered within a comprehensive single order could be released during fiscal year 2015 due to reaching mutual consent with the customer.

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

At the end of fiscal year 2015 a competitor claimed patent infringements by a subsidiary of SBO. Management evaluated this claim to be entirely unfounded and vigorously rejects any allegations. Accordingly, no provision was recognized in the consolidated financial statements as of 31 December 2015.

A subsidiary of SBO filed an action for non-payment of goods against another competitor. In response of this claim, the defendant filed a counterclaim which in turn resulted in another counterclaim of the SBO company. Management of the company evaluates the claim of the competitor to be entirely unfounded and estimates that the company has chances of obtaining at least a major share of the original payments claimed.

## NOTE 17

### 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 annual interest rates on the debentures until maturity were 5.75 % (on bond 2008-2013) and 5.875 % (on bond 2008-2015), related to their par values. The interest were payable in arrears, on 18 June of each year. The debentures were repaid on 18 June 2013 and 18 June 2015, respectively in the amount of the par value, i. e., MEUR 20.0 each.

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

## NOTE 18

### LONG-TERM LOANS INCLUDING CURRENT PORTION (AMORTIZATION IN FOLLOWING YEAR)

As of 31 December 2015, long-term borrowings consist of the following:

| Currency | Amount in TEUR | Interest rate in % | Term        | Repayment               |
|----------|----------------|--------------------|-------------|-------------------------|
| EUR      | 2,183          | 0.00 % fixed       | 2008 – 2024 | quarterly from 2011     |
| EUR      | 1,200          | 0.00 % fixed       | 2015 – 2022 | quarterly from 2017     |
| EUR      | 20,000         | 3.11 % fixed       | 2013 – 2020 | bullet loan             |
| EUR      | 10,000         | 3.11 % fixed       | 2013 – 2020 | bullet loan             |
| EUR      | 4,998          | 0.50 % fixed       | 2013 – 2019 | semi-annually from 2015 |
| EUR      | 8,000          | 3.10 % fixed       | 2010 – 2018 | bullet loan             |
| EUR      | 15,000         | 3.05 % fixed       | 2010 – 2018 | semi-annually from 2012 |
| EUR      | 20,000         | 0.75 % fixed       | 2015 – 2018 | bullet loan             |
| EUR      | 20,000         | 0.75 % fixed       | 2015 – 2018 | bullet loan             |
| EUR      | 842            | 0.00 % fixed       | 2011 – 2017 | quarterly from 2012     |
| EUR      | 5,000          | 2.40 % fixed       | 2012 – 2017 | bullet loan             |
| EUR      | 10,000         | 2.31 % fixed       | 2012 – 2017 | bullet loan             |
| EUR      | 15,000         | 2.40 % fixed       | 2012 – 2017 | bullet loan             |
| EUR      | 416            | 4.73 % fixed       | 2009 – 2016 | semi-annually from 2010 |
| EUR      | 5,000          | 5.25 % fixed       | 2009 – 2016 | bullet loan             |
| EUR      | 193            | 0.00 % fixed       | 2008 – 2016 | quarterly from 2011     |
|          | <b>137,832</b> |                    |             |                         |

The following borrowings were collateralized:

#### EUR-loans:

- › TEUR 8,214 – land and building and machinery pledged with a carrying-value of TEUR 15,923



As of 31 December 2014, long-term borrowings consist of the following:

| Currency | Amount in TEUR | Interest rate in % | Term        | Repayment               |
|----------|----------------|--------------------|-------------|-------------------------|
| EUR      | 2,447          | 0.00 % fixed       | 2008 – 2024 | quarterly from 2011     |
| EUR      | 20,000         | 3.11 % fixed       | 2013 – 2020 | bullet loan             |
| EUR      | 10,000         | 3.11 % fixed       | 2013 – 2020 | bullet loan             |
| EUR      | 7,500          | 0.50 % fixed       | 2013 – 2019 | semi-annually from 2015 |
| EUR      | 8,000          | 3.10 % fixed       | 2010 – 2018 | bullet loan             |
| EUR      | 20,000         | 3.05 % fixed       | 2010 – 2018 | semi-annually from 2012 |
| EUR      | 1,323          | 0.00 % fixed       | 2011 – 2017 | quarterly from 2012     |
| EUR      | 5,000          | 2.40 % fixed       | 2012 – 2017 | bullet loan             |
| EUR      | 10,000         | 2.31 % fixed       | 2012 – 2017 | bullet loan             |
| EUR      | 15,000         | 2.40 % fixed       | 2012 – 2017 | bullet loan             |
| EUR      | 1,250          | 4.73 % fixed       | 2009 – 2016 | semi-annually from 2010 |
| EUR      | 5,000          | 5.25 % fixed       | 2009 – 2016 | bullet loan             |
| EUR      | 235            | 3.99 % fixed       | 2006 – 2015 | semi-annually           |
| EUR      | 963            | 0.00 % fixed       | 2008 – 2015 | quarterly from 2011     |
| EUR      | 651            | 2.25 % fixed       | 2009 – 2015 | semi-annually from 2011 |
| EUR      | 2,500          | 2.55 % fixed       | 2010 – 2015 | annually from 2013      |
|          | <b>109,869</b> |                    |             |                         |

The following borrowings were collateralized:

EUR-loans:

- › TEUR 12,234 – Mortgage on land and building and machinery pledged with a carrying-value of TEUR 17,906

Referring to disclosures on the fair value of the loans see Note 35, regarding interest rate risk and hedging see Note 36.

## NOTE 19

### EMPLOYEE BENEFIT OBLIGATIONS

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

| in TEUR                           | 31 December 2015 | 31 December 2014 |
|-----------------------------------|------------------|------------------|
| Severance payments                | 4,444            | 5,184            |
| Jubilee payments for long service | 1,377            | 1,647            |
| <b>Total</b>                      | <b>5,821</b>     | <b>6,831</b>     |

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

|                              | 2015         | 2014         |
|------------------------------|--------------|--------------|
| Interest rate                | 2.20 %       | 2.00 %       |
| Salary increases             | 3.50 %       | 4.00 %       |
| Fluctuation rate (mark-down) | 0.0 – 15.0 % | 0.0 – 15.0 % |

Provisions were determined based on mortality tables AVÖ 2008-P (2014: 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.

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   | 2015         | 2014         |
|---|--------------|--------------|
| Defined benefit obligation as of 1 January          | 5,184        | 4,728        |
| Current service cost                                | 245          | 214          |
| Interest cost                                       | 103          | 140          |
| Total expenses for severance payments               | 348          | 354          |
| Remeasurements during the year                      | -673         | 166          |
| Current severance payments                          | -415         | -64          |
| <b>Defined benefit obligation as of 31 December</b> | <b>4,444</b> | <b>5,184</b> |

The expenses shown in the table are recognized within profit and loss under personnel expenses of each functional cost group (see Note 24).

Remeasurements recognized in other comprehensive income according to IAS 19 are as follows:

| in TEUR                                 | 2015        | 2014       |
|---|-------------|------------|
| <b>Remeasurement of obligations</b>     |             |            |
| from changes to demographic assumptions | 0           | 0          |
| from changes to financial assumptions   | -279        | 384        |
| adjustments based on past experience    | -394        | -218       |
| <b>Total</b>                            | <b>-673</b> | <b>166</b> |

The average duration of the defined benefit plan obligation as of 31 December 2015 is 11.0 years (2014: 13.7 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 in the same way as the actual obligation, using the projected unit credit method

| Severance payments    |                           | Present value of obligation (DBO)<br>31 December 2015 |                        |
|-----------------------|---------------------------|---|------------------------|
|                       |                           | increase in assumption                                | decrease in assumption |
| in TEUR               | Change in assumption      |   |                        |
| Interest rate         | +/- 0.5 percentage points | -188  | +206                   |
| Increases in salaries | +/- 0.5 percentage points | +192  | -177                   |

## JUBILEE PAYMENTS FOR LONG SERVICE

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

| in TEUR   | 2015         | 2014         |
|---|--------------|--------------|
| Defined benefit obligation as of 1 January          | 1,647        | 1,259        |
| Current service cost                                | 162          | 127          |
| Interest cost                                       | 32           | 37           |
| Total expenses for jubilee payments                 | 194          | 164          |
| Remeasurement during the year                       | -379         | 266          |
| Current jubilee payments                            | -85          | -42          |
| <b>Defined benefit obligation as of 31 December</b> | <b>1,377</b> | <b>1,647</b> |

## PENSION PLANS (DEFINED CONTRIBUTIONS)

Payments made under the defined contribution plans (pensions and other providence funds) were expensed and amounted to TEUR 799 in 2015 (2014: TEUR 1,186). For the following year contributions are expected at TEUR 500.

## NOTE 20

## OTHER PAYABLES

Other long-term payables were as follows:

| in TEUR                           | 31 December 2015 | 31 December 2014 |
|-----------------------------------|------------------|------------------|
| Option commitment                 | 23,007           | 29,676           |
| Management interest               | 17,180           | 29,064           |
| Contingent purchase price payment | 53               | 4,547            |
| Participation rights              | 6,339            | 5,020            |
| Non-compete agreements            | 1,712            | 2,015            |
| Other obligations                 | 4,168            | 485              |
| <b>Total</b>                      | <b>52,459</b>    | <b>70,807</b>    |

In the course of a business combination in 2014 the Company entitled the non-controlling interests to sell their shares to the Company at any time on or after 31 March 2018. The Company has committed itself to purchase the offered shares. In addition the Company obtained the right to purchase the shares from the non-controlling interests at any time on or after 31 March 2018. The non-controlling interests have committed themselves to sell the respective shares (put- and call option) in this case. As the option can be exercised by both parties at equivalent terms the Group has effectively acquired 100% of the shares of the subsidiary at the time of the business combination. For option commitments relating to the business combination in 2014 see Note 40.

Furthermore, other payables include contingent purchase price payments from business combinations in the amount of TEUR 2,290 (2014: TEUR 8,975), thereof TEUR 53 long-term (2014: TEUR 4,547) and TEUR 2,237 short-term (2014: TEUR 4,428). 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. The major amount will be paid in 2016 based on sales achieved in 2015. An immaterial amount has a residual term of further 4 years. For contingent purchase price payments relating to the business combination in 2014 see Note 40.

Liabilities for contingent purchase price payments were adjusted through profit and loss in other financial income by TEUR 3,151 in 2015 (2014: increases recorded as other financial expenses of TEUR -1,133, decreases were recorded as other financial income of TEUR +19,475 (see Notes 28 and 40). These adjustments were derived from discounting expected payments based on the most recent sales and earnings forecasts.

For the settlement of contingent purchase price payments in 2015 the amount paid was TEUR 5 lower than the accrued amount in the previous balance sheet (2014: TEUR 204 paid more than accrued). Differences from settlements are recorded in other financial income or expenses, respectively. The addition of accrued interest related to liabilities for contingent purchase price payments in the amount of TEUR 391 (2014: TEUR 359) is recognized within interest expenses.

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

| Company                                       | 31 December 2015 | 31 December 2014 |
|---|------------------|------------------|
| BICO Drilling Tools Inc.                      | 10.45 %          | 15.00 %          |
| BICO Faster Drilling Tools Inc.               | 13.00 %          | 13.00 %          |
| Schoeller-Bleckmann Energy Services L.L.C.    | 6.75 %           | 13.20 %          |
| Schoeller-Bleckmann Darron Limited            | 9.00 %           | 9.00 %           |
| Techman Engineering Limited                   | 9.35 %           | 8.65 %           |
| Knust-SBO L.L.C.                              | 0.00 %           | 6.40 %           |
| Schoeller-Bleckmann Darron (Aberdeen) Limited | 6.00 %           | 6.00 %           |
| Godwin-SBO L.L.C.                             | 0.00 %           | 2.80 %           |
| Schoeller-Bleckmann de Mexico S.A. de C.V.    | 3.00 %           | 3.00 %           |

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

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

| Company                                      | 31 December 2015 | 31 December 2014 |
|--|------------------|------------------|
| DSI FZE                                      | 6.10 %           | 6.40 %           |
| Schoeller-Bleckmann Oilfield Technology GmbH | 0.90 %           | 0.65 %           |
| Resource Well Completion Technologies Inc.   | 5.00 %           | 0.00 %           |

In 2015 the effective interest expense recorded for management interest and participation rights amounts to TEUR 1,887, effective interest income amounts to TEUR 607 (2014: expense TEUR 4,642). Income and expense is recorded under interest expenses and interest income, respectively.

In business year 2015, the company received grants in the amount of TEUR 2,638 which are contingent upon compliance with certain regulations in the years 2018-2020. Due to the uncertainty of future compliance with these conditions, the amounts received are reported under other liabilities as of 31 December 2015.

## NOTE 21

### SHARE CAPITAL

The share capital of the Company as of 31 December 2015 as well as of 31 December 2014 was EUR 16 million; divided into 16 million common shares with a par value of EUR 1.00 each.

The Ordinary Shareholders' Meeting on 23 April 2014 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. In 2015 and 2014 this right was not exercised.

As of 31 December 2015, the Company holds 18,000 of its own shares (2014: 24,000 shares) at acquisition costs of TEUR 1,074 (2014: TEUR 1,432), equaling a 0.11 % share in its capital stock (2014: 0.15 %). There are 15,982,000 shares in circulation (2014: 15,976,000 shares).

In the course of a business combination in 2010, 50,000 shares of the Company would become due as contingent consideration, if future sales levels are achieved as agreed. Since the sales target was not met in 2015, no dilution in the number of shares in circulation was effected at 31 December 2015.

As of 31 December 2015, approximately 33.4 % of the share capital is held by Berndorf Industrieholding AG, Berndorf (2014: approximately 32.6 %).

## NOTE 22

### 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 23

### ADDITIONAL BREAKDOWN OF REVENUES

Net sales consist of:

| in TEUR                     | 2015           | 2014           |
|-----------------------------|----------------|----------------|
| Sale of goods               | 215,645        | 340,666        |
| Sale of services and repair | 17,869         | 26,184         |
| Operating lease revenue     | 80,220         | 121,762        |
| <b>Total net sales</b>      | <b>313,734</b> | <b>488,612</b> |

The Company leases drilling machinery under operating leases with terms of less than a year. As the respective leasing fees are charged to customers according to the duration of use there is no entitlement for obtaining minimum future lease payments.

## NOTE 24

### 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   | 2015    | 2014    |
|---|---------|---------|
| Material expenses   | 113,424 | 197,913 |
| Personnel expenses  | 91,511  | 110,795 |
| Depreciation of property plant & equipment incl. impairment | 41,511  | 40,015  |
| Amortization of other intangible assets incl. impairment    | 11,864  | 7,228   |
| Impairment on Goodwill                                      | 21,880  | 34,588  |



## NOTE 25

### OTHER OPERATING INCOME AND EXPENSES

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

| in TEUR                           | 2015   | 2014  |
|-----------------------------------|--------|-------|
| Exchange losses                   | 10,486 | 7,651 |
| Research and development expenses | 8,238  | 6,242 |

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        | 2015   | 2014   |
|----------------|--------|--------|
| Exchange gains | 12,417 | 12,691 |

## NOTE 26

### RESTRUCTURING EXPENSES

In connection with the merger of production facilities in the U.S. and the U.K., restructuring expenditures in the amount of TEUR 3,146 were incurred in business year 2015. TEUR 909 thereof related to relocation costs, TEUR 691 related to staff expenditures (2014: TEUR 375), and TEUR 1,546 other costs related to counseling fees, termination of agreements, building refurbishment, etc. On the other hand, income from the related sale of tangible assets amounted to TEUR 1,181.

In 2014 impairment of plant and machinery amounting to TEUR 4,258 was recorded within restructuring expenses relating to eliminating duplication of work and concentrating parts of the manufacturing process of two entities on one site within the segment High Precision Components. These expenses were reclassified retrospectively in 2015 to the line item impairment on tangible assets (see Note 4).

## NOTE 27

### INTEREST EXPENSES

Interest expenses are as follows:

| in TEUR   | 2015         | 2014          |
|---|--------------|---------------|
| Loans and bonds   | 4,106        | 5,354         |
| Compounding of liabilities for option commitments relating to cancelable non-controlling interests and liabilities for contingent purchase price agreements | 1,947        | 1,710         |
| Management participations and participation rights  | 1,887        | 4,642         |
| <b>Interest expenses</b>  | <b>7,940</b> | <b>11,706</b> |

With regard to the compounding of liabilities from option commitments and liabilities from contingent purchase price payments, please see Note 35.

## NOTE 28

### OTHER FINANCIAL INCOME

The line item other financial income essentially includes revaluation gains relating to liabilities for contingent purchase price payments in the amount of TEUR 3,151 (2014: TEUR 19,475) (see Note 20). The revaluation gains reported in this line item in 2014 relating to liabilities from option commitments in the amount of TEUR 5,159 were reclassified retrospectively to a separate item "income/expense from revaluation of option commitments" in 2015 (see Notes 4 and 29).

## NOTE 29

### INCOME/EXPENSE FROM REVALUATION OF OPTION COMMITMENTS

This line item shows gains or losses in connection with liabilities arising from options (see Notes 35).

| in TEUR            | 2015         | 2014 adjusted *) |
|--------------------|--------------|------------------|
| Revaluation gains  | 5,575        | 5,159            |
| Revaluation losses | 0            | 0                |
|                    | <b>5,575</b> | <b>5,159</b>     |

\*) See Note 4 – Retrospective adjustments

## NOTE 30

## 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  | 2015           | 2014           |
|--|----------------|----------------|
| Income tax expense at tax rate of 25 %                                   | 5,008          | -20,003        |
| Foreign tax rate differentials   | 3,808          | -380           |
| Change tax rate differentials  | 171            | 37             |
| Impairment on goodwill   | -5,383         | -6,097         |
| Non deductible expenses  | -1,063         | -1,881         |
| Non-taxable changes of option commitments and contingent purchase prices | 1,005          | 5,796          |
| Income exempt from tax and tax incentives                                | 50             | 1,371          |
| Write-down of shares in subsidiaries                                     | 1,137          | 0              |
| Withholding and other foreign taxes                                      | -691           | -2,265         |
| Prior year adjustments   | 628            | -523           |
| Tax loss carryforwards not recognized                                    | -2,348         | -274           |
| Impairment of tax loss carryforwards recognized in prior years           | -708           | 0              |
| Consumption of tax loss carryforwards not capitalized in prior years     | 2              | 361            |
| Profit allocation to management participations                           | -118           | -946           |
| Other differences  | -448           | -1,200         |
| <b>Consolidated income tax expense</b>                                   | <b>1,050</b>   | <b>-26,004</b> |
| Profit/loss before tax   | -20,032        | 80,011         |
| Profit allocation to management participations                           | 470            | 3,841          |
|  | <b>-19,562</b> | <b>83,852</b>  |
| <b>Consolidated income tax expense</b>                                   | <b>1,050</b>   | <b>-26,004</b> |
| Consolidated tax rate  | 5.4 %          | 31.0 %         |

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

| in TEUR        | 2015         | 2014           |
|----------------|--------------|----------------|
| Current taxes  | -5,566       | -26,738        |
| Deferred taxes | 6,616        | 734            |
| <b>Total</b>   | <b>1,050</b> | <b>-26,004</b> |

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

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

| in TEUR                   | 2015        | 2014        |
|---------------------------|-------------|-------------|
| <b>Current taxes</b>      |             |             |
| Remeasurements IAS 19     | -168        | 41          |
| <b>Deferred taxes</b>     |             |             |
| Exchange rate differences | -590        | -598        |
| <b>Total</b>              | <b>-758</b> | <b>-557</b> |

The total negative balance of deferred taxes included in the balance sheet was increased by TEUR 1,556 during 2015 (2014: TEUR 1,739) due to exchange rate differences.

The payment of dividends to the shareholders will not result in any implications on income taxes for the business year 2015 and the comparative period of 2014 for the Company.

## NOTE 31

### SEGMENT REPORTING

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

The following segment report is prepared in accordance with IFRS 8 using the “management approach” of the Management Board of Schoeller-Bleckmann Oilfield Equipment AG in its capacity as the chief operating decision maker on the allocation of resources to the business segments.

Manufacturing and service sites are combined to the segments “High Precision Components” and “Oilfield Equipment” in accordance with product groups and services offered and existing customer groups, respectively.

The segment “High Precision Components” includes complex machining of high-precision components with utmost high dimensional accuracy which are ordered by the engineering divisions of our customers. 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.

The segment “Oilfield Equipment” covers products directly ordered by the operating oilfield organizations of our customers, such as

- › 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;
- › Completion tools which allow for an improved oil and gas production at increased well integrity.

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.

Internal management of the group as well as the allocation of resources is based on the financial performance of these segments. Management monitors sales, operating profit and profit before taxes of these business units separately for the purpose of making decisions on the allocation of resources. The aggregation to the two reporting segments was performed based on business activities.

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.

Results in the total column correspond to those in the income statement.

Intersegment sales are carried out in accordance with the "at arm's length" principle.

| <b>Year 2015<br/>in TEUR</b>                                   | <b>High Precision<br/>Components</b> | <b>Oilfield<br/>Equipment</b> | <b>SBO-Holding &amp;<br/>Consolidation</b> | <b>Group</b> |
|--|--------------------------------------|-------------------------------|--|--------------|
| External sales   | 143,484                              | 170,250                       | 0  | 313,734      |
| Intercompany sales   | 40,359                               | 53,016                        | -93,375                                    | 0            |
| Total sales  | 183,843                              | 223,266                       | -93,375                                    | 313,734      |
| Operating profit before impairments and restructuring measures | -5,906                               | 13,326                        | -3,675                                     | 3,745        |
| Profit before taxes  | -11,349                              | -1,037                        | -7,646                                     | -20,032      |
| Attributable assets  | 338,277                              | 417,897                       | -15,671                                    | 740,503      |
| Attributable liabilities                                       | 112,067                              | 109,682                       | 68,394                                     | 290,143      |
| Capital expenditure  | 4,348                                | 18,199                        | 504  | 23,051       |
| Depreciation & amortization                                    | 24,005                               | 50,114                        | 1,136                                      | 75,255       |
| thereof impairment   | 3,842                                | 20,048                        | 0  | 23,890       |
| Write-ups  | 0                                    | 0                             | 0  | 0            |
| Head count (average)   | 841                                  | 472                           | 26   | 1,339        |

| <b>Year 2014<br/>in TEUR</b>                                   | <b>High Precision<br/>Components</b> | <b>Oilfield<br/>Equipment</b> | <b>SBO-Holding &amp;<br/>Consolidation</b> | <b>Group</b> |
|--|--------------------------------------|-------------------------------|--|--------------|
| External sales   | 228,780                              | 259,832                       | 0  | 488,612      |
| Intercompany sales   | 52,526                               | 73,054                        | -125,580                                   | 0            |
| Total sales  | 281,306                              | 332,886                       | -125,580                                   | 488,612      |
| Operating profit before impairments and restructuring measures | 37,306                               | 71,606                        | -2,232                                     | 106,680      |
| Profit before taxes  | 19,414                               | 71,114                        | -10,517                                    | 80,011       |
| Attributable assets  | 341,108                              | 449,044                       | 10,284                                     | 800,436      |
| Attributable liabilities                                       | 118,522                              | 121,089                       | 105,150                                    | 344,761      |
| Capital expenditure  | 12,432                               | 32,364                        | 174  | 44,970       |
| Depreciation & amortization                                    | 33,489                               | 47,129                        | 1,213                                      | 81,831       |
| thereof impairment   | 17,542                               | 21,303                        | 0  | 38,845       |
| Write-ups  | 0                                    | 0                             | 0  | 0            |
| Head count (average)   | 1,130                                | 546                           | 25   | 1,701        |

## GEOGRAPHIC INFORMATION:

Sales to external customers were as follows:

| in TEUR            | 2015           | 2014           |
|--------------------|----------------|----------------|
| Austria            | 2,411          | 2,968          |
| Great Britain      | 30,285         | 56,333         |
| USA                | 158,878        | 255,896        |
| Other countries    | 122,160        | 173,415        |
| <b>Total sales</b> | <b>313,734</b> | <b>488,612</b> |

The classification is based on the location of the customer. There are no other single countries with sales exceeding 10 % of total sales of SBO group.

For information regarding most important customers we refer to Note 36.

Long-term assets are located as follows:

| in TEUR                       | 2015           | 2014           |
|-------------------------------|----------------|----------------|
| Austria                       | 58,453         | 62,937         |
| Great Britain                 | 40,656         | 53,855         |
| USA                           | 112,049        | 108,971        |
| Canada                        | 41,078         | 61,526         |
| Dubai                         | 55,500         | 56,302         |
| Other countries               | 17,754         | 20,250         |
| <b>Total long-term assets</b> | <b>325,490</b> | <b>363,841</b> |

Assets are classified according to the location of the entity.



## NOTE 32

## REMUNERATION FOR THE EXECUTIVE AND SUPERVISORY BOARD

The remuneration paid to the Executive Board was as follows:

| <b>2015</b>                         |              |                 |              |
|-------------------------------------|--------------|-----------------|--------------|
| <b>in TEUR</b>                      | <b>fixed</b> | <b>variable</b> | <b>total</b> |
| Gerald Grohmann                     | 565          | 717             | 1,282        |
| Franz Gritsch (until 30 Sept. 2015) | 262          | 205             | 467          |
| Klaus Mader (from 1 Oct. 2015)      | 81           | 0               | 81           |
| <b>Total</b>                        | <b>908</b>   | <b>922</b>      | <b>1,830</b> |

| <b>2014</b>     |              |                 |              |
|-----------------|--------------|-----------------|--------------|
| <b>in TEUR</b>  | <b>fixed</b> | <b>variable</b> | <b>total</b> |
| Gerald Grohmann | 558          | 605             | 1,163        |
| Franz Gritsch   | 362          | 406             | 768          |
| <b>Total</b>    | <b>920</b>   | <b>1,011</b>    | <b>1,931</b> |

Expenses for pensions and severance payments relating to the Executive Board amounted to TEUR 426 (2014: TEUR 760). Thereof, TEUR 324 (2014: TEUR 661) referred to defined contribution pension plans.

Remuneration for the Supervisory Board amounted to TEUR 115 in the business year 2015 (2014: TEUR 110), which is a combination of a flat rate and a variable rate depending on the Group's results.

In 2015 and 2014 no loans were granted to the members of the Executive Board or to the Supervisory Board, respectively.

## NOTE 33

### SHARE-BASED PAYMENTS

In business year 2015 expenses for share-based payments totaled TEUR 803 (2014: TEUR 1,094). In business year 2014 the Chairman of the Board, Gerald Grohmann, was granted an annual transfer of 6,000 SBO shares, contingent upon a valid employment agreement. The first shares were transferred in 2014. For a period of two years following the transfer, however not exceeding the termination of the employment agreement, the shares are subject to a restriction on alienation or encumbrance on Mr. Grohmann's part. The transfer of shares is limited to a total market value of TEUR 1,300 with the market value being assessed at the end of each retention period. The market value of 6,000 shares at the time of transfer in 2015 was TEUR 384 (2014: TEUR 521). The market value of 12,000 shares transferred totaled TEUR 605 as of 31 December 2015 (2014: 6,000 shares equaling a market value of TEUR 360).

In addition, during 2014 the Company granted to the Chief Executive Officer a voluntary severance payment of 30,000 SBO shares at the end of the employment contract. Expenses for share-based payments of business years 2015 and 2014 are not included in remuneration amounts reported in Note 32.

## NOTE 34

### 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, Karl Schleinzer, is a member of the Supervisory Board. Total charges for 2015 amounted to TEUR 36 (2014: TEUR 36), thereof outstanding as of 31 December 2015 TEUR 9 (31 December 2014: TEUR 9).

In the business year 2014 BICO-DSI Investment GmbH, Ternitz paid dividends to its shareholders at a total amount of TEUR 9,965. Thereof TEUR 997 were paid to the executive board member of SCHOELLER-BLECKMANN Oilfield Equipment AG, Gerald Grohmann, who held 10 % of the shares of this company until the company was merged in 2014.

In order to condense the group structure, the two non-operating entities Schoeller-Bleckmann Drilling and Production Equipment GmbH, Ternitz, and BICO-DSI Investment GmbH, Ternitz, were merged with SCHOELLER-BLECKMANN Oilfield Equipment Aktiengesellschaft, Ternitz, in 2014. In this regard the minority shareholder of BICO-DSI Investment GmbH withdrew in 2014 and was compensated with 57,761 SBO shares. Non-controlling interests amounting to TEUR 1,843 fully ceased to exist. No further effects on the consolidated financial statements occurred in this context.

## NOTE 35

## 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<br>as of 31 December 2015 | Hedged receivables<br>in TEUR | Receivables at effective date rates<br>in TEUR | Fair value<br>in TEUR |
|---|-------------------------------|--|-----------------------|
| USD   | 8,607                         | 8,694  | -87                   |

| Forward exchange transactions<br>as of 31 December 2014 | Hedged receivables<br>in TEUR | Receivables at effective date rates<br>in TEUR | Fair value<br>in TEUR |
|---|-------------------------------|--|-----------------------|
| USD   | 27,775                        | 28,811   | -1,036                |
| CAD   | 2,179                         | 2,198  | -19                   |

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

In 2015 an interest swap held by the company matured, under which a variable interest rate was swapped with a fixed interest rate of 5.48 %. The fair value at 31 December 2014 amounted to TEUR -29, 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 and option commitments relating to cancelable non-controlling interests (see Note 15 and 20).

## Overview financial instruments

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

| Financial Instruments                             | Classification acc. to IFRS 7: Valuation method |                             |                |               |                           |                           |               |                       |                        |               |               |
|---|---|-----------------------------|----------------|---------------|---------------------------|---------------------------|---------------|-----------------------|------------------------|---------------|---------------|
|   | Category acc. to IAS 39                         |                             |                | Fair value    |                           | Amortized costs           |               |                       |                        |               |               |
| 31 December 2015<br>in TEUR                       | Loans and receivables                           | Other financial liabilities | Derivatives    | Derivatives   | Cash and cash equivalents | Trade accounts receivable | Lendings      | Financing liabilities | Trade accounts payable | Other         |               |
| <b>Current assets</b>                             |   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Cash and cash equivalents                         | 196,278   | 196,278                     |                |               | 196,278                   |                           |               |                       |                        |               |               |
| Trade accounts receivable                         | 49,199  | 49,199                      |                |               |                           | 49,199                    |               |                       |                        |               |               |
| Income tax receivable                             | 5,205   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Other accounts receivable and other assets        | 4,320   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Assets held for sale                              | 2,230   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Inventories                                       | 133,748   |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Total current assets</b>                       | <b>390,980</b>                                  |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Non-current assets</b>                         |   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Property, plant & equipment                       | 193,024   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Goodwill  | 81,718  |                             |                |               |                           |                           |               |                       |                        |               |               |
| Other intangible assets                           | 50,749  |                             |                |               |                           |                           |               |                       |                        |               |               |
| Long-term receivables                             | 12,864  | 12,259                      |                |               |                           |                           | 12,259        |                       |                        |               |               |
| Deferred tax assets                               | 11,168  |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Total non-current assets</b>                   | <b>349,523</b>                                  |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>TOTAL ASSETS</b>                               | <b>740,503</b>                                  | <b>257,736</b>              | <b>0</b>       | <b>0</b>      | <b>0</b>                  | <b>196,278</b>            | <b>49,199</b> | <b>12,259</b>         | <b>0</b>               | <b>0</b>      |               |
| <b>Current liabilities</b>                        |   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Bank loans and overdrafts                         | 32,174  | 32,174                      |                |               |                           |                           |               | 32,174                |                        |               |               |
| Current portion of bonds                          | 0   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Current portion of long-term loans                | 12,783  | 12,783                      |                |               |                           |                           |               | 12,783                |                        |               |               |
| Finance lease obligations                         | 63  | 63                          |                |               |                           |                           |               | 63                    |                        |               |               |
| Trade accounts payable                            | 11,150  | 11,150                      |                |               |                           |                           |               |                       | 11,150                 |               |               |
| Government grants                                 | 205   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Income taxes payable                              | 1,502   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Other payables                                    | 24,696  | 4,544                       | 7,372          | 7,372         |                           |                           |               |                       |                        | 4,544         |               |
| Other provisions                                  | 4,708   |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Total current liabilities</b>                  | <b>87,281</b>                                   |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Non-current liabilities</b>                    |   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Long-term loans                                   | 125,049   | 125,049                     |                |               |                           |                           |               | 125,049               |                        |               |               |
| Finance lease obligations                         | 27  | 27                          |                |               |                           |                           |               | 27                    |                        |               |               |
| Government grants                                 | 153   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Employee benefit obligations                      | 5,821   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Other payables                                    | 52,459  | 29,399                      | 23,060         | 23,060        |                           |                           |               | 23,519                |                        | 5,880         |               |
| Deferred tax payables                             | 19,353  |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Total non-current liabilities</b>              | <b>202,862</b>                                  |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Shareholders' equity</b>                       |   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Share capital                                     | 15,982  |                             |                |               |                           |                           |               |                       |                        |               |               |
| Contributed capital                               | 68,357  |                             |                |               |                           |                           |               |                       |                        |               |               |
| Legal reserve - non-distributable                 | 785   |                             |                |               |                           |                           |               |                       |                        |               |               |
| Other reserves                                    | 19  |                             |                |               |                           |                           |               |                       |                        |               |               |
| Translation reserve                               | 50,166  |                             |                |               |                           |                           |               |                       |                        |               |               |
| Retained earnings                                 | 315,051   |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>Total shareholders' equity</b>                 | <b>450,360</b>                                  |                             |                |               |                           |                           |               |                       |                        |               |               |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>740,503</b>                                  | <b>0</b>                    | <b>215,189</b> | <b>30,432</b> | <b>30,432</b>             | <b>0</b>                  | <b>0</b>      | <b>0</b>              | <b>193,615</b>         | <b>11,150</b> | <b>10,424</b> |

**Financial  
Instruments**

Classification acc. to IFRS 7: Valuation method

**31 December 2014  
in TEUR**

|   | Category acc. to IAS 39 |                             | Fair value     |               |                           |                           |                |                       |                        |               |              |
|---|-------------------------|-----------------------------|----------------|---------------|---------------------------|---------------------------|----------------|-----------------------|------------------------|---------------|--------------|
|   | Loans and receivables   | Other financial liabilities | Derivatives    | Derivatives   | Cash and cash equivalents | Trade accounts receivable | Lendings       | Financing liabilities | Trade accounts payable | Other         |              |
| <b>Current assets</b>                             |                         |                             |                |               |                           |                           |                |                       |                        |               |              |
| Cash and cash equivalents                         | 130,220                 | 130,220                     |                |               | 130,220                   |                           |                |                       |                        |               |              |
| Trade accounts receivable                         | 107,311                 | 107,311                     |                |               |                           | 107,311                   |                |                       |                        |               |              |
| Income tax receivable                             | 641                     |                             |                |               |                           |                           |                |                       |                        |               |              |
| Other accounts receivable and other assets        | 4,778                   |                             |                |               |                           |                           |                |                       |                        |               |              |
| Inventories                                       | 164,694                 |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Total current assets</b>                       | <b>407,644</b>          |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Non-current assets</b>                         |                         |                             |                |               |                           |                           |                |                       |                        |               |              |
| Property, plant & equipment                       | 203,688                 |                             |                |               |                           |                           |                |                       |                        |               |              |
| Goodwill  | 100,417                 |                             |                |               |                           |                           |                |                       |                        |               |              |
| Other intangible assets                           | 59,735                  |                             |                |               |                           |                           |                |                       |                        |               |              |
| Long-term receivables                             | 18,962                  | 18,454                      |                |               |                           |                           | 18,454         |                       |                        |               |              |
| Deferred tax assets                               | 9,990                   |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Total non-current assets</b>                   | <b>392,792</b>          |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>TOTAL ASSETS</b>                               | <b>800,436</b>          | <b>255,985</b>              | <b>0</b>       | <b>0</b>      | <b>0</b>                  | <b>130,220</b>            | <b>107,311</b> | <b>18,454</b>         | <b>0</b>               | <b>0</b>      |              |
| <b>Current liabilities</b>                        |                         |                             |                |               |                           |                           |                |                       |                        |               |              |
| Bank loans and overdrafts                         | 35,744                  | 35,744                      |                |               |                           |                           |                | 35,744                |                        |               |              |
| Current portion of bonds                          | 19,993                  | 19,993                      |                |               |                           |                           |                | 19,993                |                        |               |              |
| Current portion of long-term loans                | 11,673                  | 11,673                      |                |               |                           |                           |                | 11,673                |                        |               |              |
| Finance lease obligations                         | 92                      | 92                          |                |               |                           |                           |                | 92                    |                        |               |              |
| Trade accounts payable                            | 24,050                  | 24,050                      |                |               |                           |                           |                |                       | 24,050                 |               |              |
| Government grants                                 | 37                      |                             |                |               |                           |                           |                |                       |                        |               |              |
| Income taxes payable                              | 10,524                  |                             |                |               |                           |                           |                |                       |                        |               |              |
| Other payables                                    | 36,629                  | 5,176                       | 9,643          | 9,643         |                           |                           |                |                       |                        | 5,176         |              |
| Other provisions                                  | 7,013                   |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Total current liabilities</b>                  | <b>145,755</b>          |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Non-current liabilities</b>                    |                         |                             |                |               |                           |                           |                |                       |                        |               |              |
| Long-term loans                                   | 98,196                  | 98,196                      |                |               |                           |                           |                | 98,196                |                        |               |              |
| Finance lease obligations                         | 91                      | 91                          |                |               |                           |                           |                | 91                    |                        |               |              |
| Government grants                                 | 437                     |                             |                |               |                           |                           |                |                       |                        |               |              |
| Employee benefit obligations                      | 6,831                   |                             |                |               |                           |                           |                |                       |                        |               |              |
| Other payables                                    | 70,807                  | 36,585                      | 34,222         | 34,222        |                           |                           |                | 34,084                |                        | 2,501         |              |
| Deferred tax payables                             | 22,644                  |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Total non-current liabilities</b>              | <b>199,006</b>          |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Shareholders' equity</b>                       |                         |                             |                |               |                           |                           |                |                       |                        |               |              |
| Share capital                                     | 15,976                  |                             |                |               |                           |                           |                |                       |                        |               |              |
| Contributed capital                               | 67,560                  |                             |                |               |                           |                           |                |                       |                        |               |              |
| Legal reserve - non-distributable                 | 785                     |                             |                |               |                           |                           |                |                       |                        |               |              |
| Other reserves                                    | 22                      |                             |                |               |                           |                           |                |                       |                        |               |              |
| Translation reserve                               | 13,834                  |                             |                |               |                           |                           |                |                       |                        |               |              |
| Retained earnings                                 | 357,498                 |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>Total shareholders' equity</b>                 | <b>455,675</b>          |                             |                |               |                           |                           |                |                       |                        |               |              |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>800,436</b>          | <b>0</b>                    | <b>231,600</b> | <b>43,865</b> | <b>43,865</b>             | <b>0</b>                  | <b>0</b>       | <b>0</b>              | <b>199,873</b>         | <b>24,050</b> | <b>7,677</b> |

## 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.

| 2015<br>in TEUR    |                              | Total   | Level 2 | Level 3 |
|--------------------|------------------------------|---------|---------|---------|
| <b>Assets</b>      |                              |         |         |         |
| Derivatives        | Other receivables and assets | 0       | 0       | 0       |
| <b>Liabilities</b> |                              |         |         |         |
| Derivatives        | Other liabilities            | -30,432 | -87     | -30,345 |
| 2014<br>in TEUR    |                              | Total   | Level 2 | Level 3 |
| <b>Assets</b>      |                              |         |         |         |
| Derivatives        | Other receivables and assets | 0       | 0       | 0       |
| <b>Liabilities</b> |                              |         |         |         |
| Derivatives        | Other liabilities            | -43,865 | -1,055  | -42,810 |

During the reporting years 2015 and 2014, 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 (see Notes 15 and 20), and the option commitments relating to cancelable non-controlling interests (see Notes 15 and 20).

The development in 2015 was as follows:

#### Liabilities for contingent purchase price payments

| in TEUR  | 2015          | 2014          |
|--|---------------|---------------|
| As of 1 January  | -8,975        | -8,960        |
| Additions from business combinations                             | 0             | -19,860       |
| Addition of accrued interest                                     | -391          | -359          |
| Revaluation gains  | 3,151         | 19,475        |
| Revaluation losses   | 0             | -1,133        |
| Disposals from settlements of contingent purchase price payments | 4,813         | 2,198         |
| Currency adjustment  | -888          | -336          |
| <b>As of 31 December</b>   | <b>-2,290</b> | <b>-8,975</b> |

#### Option commitments relating to cancelable non-controlling interest

| in TEUR                              | 2015           | 2014           |
|--------------------------------------|----------------|----------------|
| As of 1 January                      | -33,836        | -4,160         |
| Additions from business combinations | 0              | -33,401        |
| Addition of accrued interest         | -1,556         | -1,352         |
| Revaluation gains                    | 5,575          | 5,159          |
| Revaluation losses                   | 0              | 0              |
| Disposal from settlement             | 0              | 0              |
| Currency adjustments                 | 1,762          | -82            |
| <b>As of 31 December</b>             | <b>-28,055</b> | <b>-33,836</b> |

Revaluation gains and losses as shown in the table above refer to financial instruments still existing at balance sheet date. Revaluation gains from liabilities for contingent purchase price payments are recognized under other financial income, revaluation losses under other financial expenses. Revaluation gains and losses from option commitments relating to cancelable non-controlling interest are recognized in the line item "income/expense from revaluation of option commitments" (see Note 4).

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 cashflow model based on interest curves observable on the market.

The contingent purchase price payments from business combinations and the option commitments 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 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. Liabilities from contingent purchase price payments largely refer to the last payment for a business combination in 2010, based on sales achieved in 2015 and are due in 2016. A minor share has a residual term of further 4 years. The exercise price for the option commitments relating to cancelable non-controlling interests are based on the achieved financial results of each of the acquired entities and in one case on the EBITDA multiple of SBO at the exercise date. 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                                   |                              |                                    | If assumption increases, liability changes by | If assumption decreases, liability changes by |
|---|------------------------------|------------------------------------|---|---|
|   | Assumption                   | Change in assumption               |   |   |
| <b>Option commitments</b>                 | Net results                  | +/- 10 %                           | +2,856  | -2,855  |
|   | Interest rate 27.5 %, 1.4 %  | +/- 10, +/- 1<br>Percentage points | -847  | +739  |
|   | SBO Multiple 13.07           | +/- 30 %                           | +7,053  | -7,054  |
| <b>Contingent purchase price payments</b> | Sales                        | +/- 10 %                           | +7  | -7  |
|   | Interest rate 27.5 %, 13.4 % | +/- 10, +/- 1<br>Percentage points | -1  | +1  |

The majority of the contingent purchase price payment is payable in 2016, therefore no further volatility is expected.

For assessing the fair value of lendings, borrowings and leasing obligations, the expected cashflows 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:

| in TEUR  | Level | 2015           |            | 2014           |            |
|--|-------|----------------|------------|----------------|------------|
|  |       | Carrying value | Fair value | Carrying value | Fair value |
| <b>Liabilities</b>   |       |                |            |                |            |
| Bonds  | 1     | 0              | 0          | -19,993        | -20,480    |
| Borrowings from banks, finance lease obligations and other loans | 2     | -170,096       | -171,377   | -145,796       | -148,832   |

### Net result from financial instruments

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

| Year 2015<br>in TEUR  | Allowance | Revaluation |     | Deletion/Disposal |     | Net result |
|-----------------------|-----------|-------------|-----|-------------------|-----|------------|
|                       |           | P/L         | OCI | P/L               | OCI |            |
| Loans and receivables | -3,764    | -           | -   | -                 | -   | -3,764     |
| Derivatives           | -         | -7,746      | -   | -                 | -   | -7,746     |

| Year 2014<br>in TEUR  | Allowance | Revaluation |     | Deletion/Disposal |     | Net result |
|-----------------------|-----------|-------------|-----|-------------------|-----|------------|
|                       |           | P/L         | OCI | P/L               | OCI |            |
| Loans and receivables | -839      | -           | -   | -                 | -   | -839       |
| Derivatives           | -         | +20,480     | -   | -                 | -   | +20,480    |

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 5,993 (2014: TEUR 9,996).

## NOTE 36

### 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. As a result of reduced oil prices in 2015 and 2016 SBO group is currently confronted with a reduction of capital expenditures of oilfield service companies. In connection with the current downturn and stockbuilding in the supply chain of customers there is a risk that a buffer effect can occur in the expected upturn due to decreasing existing stock levels. 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 2015, the three largest customers (which are the worldwide dominant service companies in the directional drilling market) accounted for a share of 52.5 % of all sales worldwide (2014: 55.2 %). 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, derivatives are not used for trading or speculative purposes.

The financial instruments principally entail interest-related cashflow 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 cashflows 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<br>Changes in EURO – US dollar rate | 2015      |           | 2014      |           |
|---|-----------|-----------|-----------|-----------|
|   | +10 cents | -10 cents | +10 cents | -10 cents |
| Change in profit before taxes               | +698      | -698      | +2,204    | -2,204    |

#### 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 cashflows.

All long-term borrowings as of 31 December 2015 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 18. 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<br>Change in basic points | 2015 |      | 2014 |      |
|-----------------------------------|------|------|------|------|
|                                   | +10  | +20  | +10  | +20  |
| Change in profit before taxes     | +157 | +314 | +121 | +242 |

### 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 limited 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 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 cashflows for the following business years are stated.

**31 December 2015  
in TEUR**

|  | <b>Due at call</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019 cont'd</b> |
|--|--------------------|-------------|-------------|-------------|--------------------|
| Payables due to banks                        | 32,350             | -           | -           | -           | -                  |
| Long-term loans                              | -                  | 15,789      | 39,784      | 56,598      | 34,760             |
| Leasing obligations                          | -                  | 65          | 27          | -           | -                  |
| Management interest and Participation rights | -                  | -           | -           | -           | 23,519             |
| Trade payables                               | -                  | 11,150      | -           | -           | -                  |
| Derivatives                                  | 5,048              | 2,238       | 24          | 23,684      | 19                 |
| Other  | -                  | 17,783      | 1,617       | 659         | 3,384              |

**31 December 2014  
in TEUR**

|  | <b>Due at call</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018 cont'd</b> |
|--|--------------------|-------------|-------------|-------------|--------------------|
| Bonds  | -                  | 20,588      | -           | -           | -                  |
| Payables due to banks                        | 36,085             | -           | -           | -           | -                  |
| Long-term loans                              | -                  | 14,622      | 15,894      | 39,721      | 50,685             |
| Leasing obligations                          | -                  | 99          | 71          | 23          | -                  |
| Management interest and Participation rights | -                  | -           | -           | -           | 34,084             |
| Trade payables                               | -                  | 24,050      | -           | -           | -                  |
| Derivatives                                  | 4,160              | 4,458       | 4,570       | 97          | 31,451             |
| Other  | -                  | 28,657      | 615         | 373         | 1,119              |

### 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 -5.8 % as of 31 December 2015 and 7.8 % as of 31 December 2014.

| in TEUR                         | 31 December 2015 | 31 December 2014 |
|---------------------------------|------------------|------------------|
| Bank loans                      | 32,174           | 35,744           |
| Long-term loans                 | 137,832          | 109,869          |
| Finance lease obligations       | 90               | 183              |
| Bonds                           | 0                | 19,993           |
| Less: Cash and cash equivalents | -196,278         | -130,220         |
| <b>Net debt</b>                 | <b>-26,182</b>   | <b>35,569</b>    |
| Total equity                    | 450,360          | 455,675          |
| <b>Gearing</b>                  | <b>-5.8 %</b>    | <b>7.8 %</b>     |

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

## NOTE 37

### CONTINGENCIES

No contingencies existed as of the balance sheet dates 31 December 2015 and 31 December 2014.

## NOTE 38

### OTHER COMMITMENTS

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

## NOTE 39

### CASHFLOW STATEMENT

The consolidated cashflow 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 cashflow statement, cashflows are classified into cashflow from operating activities, cashflow from investing activities and cashflow from financing activities.

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

The cashflow 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 cashflow 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 cashflow from financing activities.

For the changes of shares in subsidiaries and participation rights held by managers in 2015 amounting to TEUR -6,701 (2014: TEUR 632) the Company granted loans or reduced loans to the participants in the same amounts. Hence, no cashflows were effected.



## NOTE 40

### BUSINESS COMBINATIONS

#### Year 2015

No business combinations were executed in 2015.

#### Year 2014

With share purchase agreement as of 25 November 2014 67.00 % of the shares of Resource Completion System Holdings Inc., Calgary, CA, and its subsidiaries Resource Well Completion Technologies Inc., Calgary, CA, and Resource Completion Systems Inc., Calgary, CA, were acquired. As a consequence all assets, liabilities, expenses and revenues of the subsidiaries were consolidated by the group starting from 1 November 2014.

The share purchase agreement included a contingent purchase price payment depending on the financial results of the acquired subsidiary until 31 March 2015. The payment was determined at the time of the business combination by discounting expected future contingent payments based on the business plan. The corresponding liability was recognized within "other payables" at the time of the business combination and was released as of 31 December 2014 due to the deterioration of market conditions in North America. The actual results of the acquired company between acquisition date and 31 March 2015 did not result in any further payment relating to the contingent purchase price. As a result profit and loss was not effected in 2015.

Regarding the development of the liabilities for contingent purchase price payments and for option price commitments we refer also refer to Notes 15, 20 and 35.

## NOTE 41

### PERSONNEL

The total number of employees was as follows:

|              | Annual average |              | Year end         |                  |
|--------------|----------------|--------------|------------------|------------------|
|              | 2015           | 2014         | 31 December 2015 | 31 December 2014 |
| Blue collar  | 959            | 1,290        | 781              | 1,307            |
| White collar | 380            | 411          | 354              | 413              |
|              | <b>1,339</b>   | <b>1,701</b> | <b>1,135</b>     | <b>1,720</b>     |

## NOTE 42

### 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 2015.

In February 2016 the Company took up bonded loans and bullet loans amounting to TEUR 27,000 with fixed interest rates of 1.43 % to 1.84 % and a maturity in 2021 (TEUR 24,500) and 2023 (TEUR 2,500), respectively.

In addition, no further reportable events occurred.

## NOTE 43

### PROPOSED DIVIDEND

The Executive Board proposes to the shareholders that a dividend of EUR 0.50 per share (2014: EUR 1.50) should be paid. Thus, the total distribution will amount to MEUR 8.0 compared to MEUR 24.0 in the preceding year.

## NOTE 44

### EXPENSES INCURRED FOR THE GROUP AUDITORS

The following expenses were incurred from [Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.](#):

| in TEUR   | 2015 | 2014 |
|---|------|------|
| Audit of the consolidated annual financial statements | 114  | 81   |
| Other services  | 45   | 53   |

# MANAGEMENT INFORMATION

## EXECUTIVE BOARD:

Ing. Gerald Grohmann (President and CEO)  
 Mag. Klaus Mader (Executive Vice-president and CFO)  
 since 01 October 2015  
 Mag. Franz Gritsch (Executive Vice-president and CFO)  
 until 30 September 2015

The contracts with the members of the Executive Board will expire 31 December 2018 (Gerald Grohmann) and 30 September 2018 (Klaus Mader), respectively.

## COMMITTEES OF THE SUPERVISORY BOARD:

### Remuneration Committee:

Mag. Norbert Zimmermann  
 Dr. Peter Pichler  
 Dr. Karl Schleinzer

### Audit Committee:

Mag. Norbert Zimmermann  
 Dr. Peter Pichler  
 Karl Samstag

## SUPERVISORY BOARD:

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

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

Mag. Brigitte Ederer  
 First nomination: 2014  
 End of current appointment: 2019

Mag. Dipl. Ing. Helmut Langanger  
 First nomination: 2003  
 End of current appointment: 2019

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

Dr. Karl Schleinzer  
 First nomination: 1995  
 End of current appointment: 2020

In each year, one member of the Supervisory Board withdraws from the Supervisory Board with the end of the Annual General Meeting in order to make sure 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, March 3, 2016

Gerald Grohmann                      Klaus Mader  
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 1 January 2015 to 31 December 2015. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cashflow statement and the consolidated statement of changes in equity for the fiscal year ended 31 December 2015, 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 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 judgement, 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 31 December 2015 and of its financial performance and its cashflows for the fiscal year from 1 January 2015 to 31 December 2015 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, March 3, 2016

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

|                                       |                                       |
|---------------------------------------|---------------------------------------|
| Karl Fuchs mp                         | Markus Jandl mp                       |
| Wirtschaftsprüfer / Certified Auditor | Wirtschaftsprüfer / Certified Auditor |

\*) This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

# REPORT OF THE SUPERVISORY BOARD OF SBO AG CONCERNING THE 2015 BUSINESS YEAR

During the business year 2015, 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 2015 and the management report including the Company's accounting records were audited by Deloitte Schwarz & Schmid Wirtschaftsprüfungs GmbH. The audit revealed that the financial statements comply with legal requirements, give a true and fair view of the Company's assets and financial position as of 31 December 2015 and of the Company's earnings for the fiscal year from 1 January 2015 to 31 December 2015 in compliance with generally accepted Austrian accounting principles, and the management report is consistent with the financial statements.

The consolidated financial statements as of 31 December 2015 of SBO Group, which were prepared in compliance with International Financial Reporting Standards (IFRS) 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, give a true and fair view of the Group's assets and financial position on 31 December 2015 and the Group's financial performance and cashflows for the fiscal year from 1 January 2015 to 31 December 2015, and 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 2015 and the consolidated financial statements for 2015.

At its meeting on 16 March 2016, the Supervisory Board approved the financial statements as of 31 December 2015 and the management report, thereby adopting the financial statements 2015 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 2015 and the consolidated management report, the Corporate Governance Report submitted by the Executive Board as well as the proposal for the appropriation of earnings 2015.

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 2015. The Supervisory Board would also like to thank the Group's shareholders and customers for their trust.

Ternitz, 16 March 2016

A handwritten signature in black ink, appearing to read 'N. Zimmermann', with a long horizontal stroke under the name.

Norbert Zimmermann  
(Chairman of the Supervisory Board)



# CORPORATE INFORMATION

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RESULT LIST

# FINANCIAL REPORT

|   |     |
|---|-----|
| FINANCIAL STATEMENT OF SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AG  | 109 |
| DECLARATION OF ALL LEGAL REPRESENTATIVES PURSUANT TO § 82 SECT. 4 (3)<br>OF THE AUSTRIAN STOCK EXCHANGE ACT | 138 |

## SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AKTIENGESELLSCHAFT

Anlage 1

|   | Bilanz zum 31.12.2015  |  | PASSIVA  |   |
|---|--|--|--|---|
|   | 31.12.2015<br>EUR  | 31.12.2014<br>TEUR                         | 31.12.2015<br>EUR  | 31.12.2014<br>TEUR                                    |
| <b>A. ANLAGEVERMÖGEN</b>  |  |  |  |   |
| I. Immaterielle Vermögensgegenstände<br>Konzeptionen, gewerbliche Schutzrechte und<br>ähnliche Rechte und Vorteile sowie daraus abge-<br>leitete Lizenzen   | 9.485,00   | 3.894                                      |  | 18.000  |
| II. Sachanlagen<br>1. Grundstücke, grundstücksgleiche Rechte und Bauten<br>davon Grundwert EUR 3.162.546,12 (2014: TEUR 3.163)<br>2. andere Anlagen, Betriebs- und Geschäftsausstattung<br>3. geleistete Anzahlungen und Anlagen in Bau | 12.303.870,30<br>217.679,26<br>430.415,00<br><u>12.951.964,56</u>      | 12.864<br>203<br>0<br><u>13.067</u>        | 16.000.000,00<br>69.976.047,03<br>1.897.000,00<br><u>17.541.997,11</u>                         | 69.976<br>1.094<br>785<br>1.247<br>15.537<br>17.569   |
| III. Finanzanlagen<br>1. Anteile an verbundenen Unternehmen<br>2. Ausleihungen an verbundene Unternehmen<br>3. Wirtrecht  | 180.836.353,76<br>16.914.749,57<br>143.987,00<br><u>197.985.070,33</u> | 190.471<br>16.915<br>100<br><u>207.486</u> | 3.119.102,31<br>2.404.355,62 (2014: TEUR 503)<br><u>5.523.457,93</u>                           | 26.377<br>131.016<br>22                               |
| <b>B. UNLAUFVERMÖGEN</b>  |  |  |  |   |
| I. Forderungen und sonstige Vermögensgegenstände<br>1. Forderungen aus Lieferungen und Leistungen<br>2. Forderungen gegenüber verbundenen Unternehmen<br>3. sonstige Forderungen und Vermögensgegenstände                               | 15.440,28<br>19.327.395,01<br>10.097.417,53<br><u>29.440.253,82</u>    | 0<br>16.630<br>10.695<br><u>27.215</u>     | 1.819.385,00<br>881.163,81<br>1.451.994,00<br><u>3.951.517,81</u>                              | 1.417<br>8.610<br>1.705<br>11.932                     |
| II. Wertpapiere und Anteile<br>eigene Anteile   | 907.380,00   | 1.247                                      | 0,00<br>129.416.686,63<br>512.120,74<br>74.591.379,97<br>3.313.758,86<br><u>208.353.926,20</u> | 20.000<br>96.685<br>244<br>38.786<br>4.770<br>138.765 |
| III. Kassenbestand, Guthaben bei Kreditinstituten   | 89.098.866,75  | 49.128<br>77.588                           | 324.343.000,46   | 301.735   |
|   | <u>324.343.000,46</u>  | <u>301.735</u>                             |  |   |

Der beiliegende Anlagepassiva bildet einen integrierenden Bestandteil dieser Bilanz.

Haftungsvorläufe 32.652.801,73

48.324

**GEWINN- UND VERLUSTRECHNUNG**  
 vom 1. Jänner bis 31. Dezember 2015

|   | 2015<br>EUR    | 2014<br>TEUR |
|---|----------------|--------------|
| 1. Umsatzerlöse   | 6.993.032,25   | 9.044        |
| 2. sonstige betriebliche Erträge  |                |              |
| a) Erträge aus dem Abgang und der Zuschreibung zum Anlagevermögen<br>ausgenommen Finanzanlagen  | 1.838,61       | 12           |
| b) Erträge aus der Auflösung von Rückstellungen   | 3.442,00       | 0            |
| c) übrige   | 1.944.939,91   | 1.844        |
|   | 1.950.220,52   | 1.856        |
| 3. Personalaufwand  |                |              |
| a) Löhne  | -185.871,97    | -185         |
| b) Gehälter   | -2.792.859,28  | -3.621       |
| c) Aufwendungen für Abfertigungen und Leistungen an<br>betriebliche Mitarbeitervorsorgekassen   | -558.033,38    | -440         |
| d) Aufwendungen für Altersversorgung  | -336.322,86    | -668         |
| e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben<br>sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge   | -317.241,98    | -264         |
| f) sonstige Sozialaufwendungen  | -986,79        | -1           |
|   | -4.181.316,28  | -5.197       |
| 4. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens<br>und Sachanlagen<br>davon außerplanmäßig EUR 3.157.149,86 (2014: TEUR 0)   | -4.163.756,98  | -1.058       |
| 5. sonstige betriebliche Aufwendungen   |                |              |
| a) Steuern, soweit sie nicht unter Z16 fallen   | -180.843,92    | -216         |
| b) übrige   | -7.202.631,59  | -9.653       |
|   | -7.383.475,51  | -9.869       |
| 6. Zwischensumme Z 1 bis Z 5 (Betriebserfolg)   | -6.815.295,98  | -5.224       |
| 7. Erträge aus Beteiligungen<br>davon aus verbundenen Unternehmen EUR 22.551.202,81 (2014: TEUR 32.531)   | 22.551.202,81  | 32.531       |
| 8. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens<br>davon aus verbundenen Unternehmen EUR 1.974.305,77 (2014: TEUR 1.693)   | 1.976.080,27   | 1.685        |
| 9. sonstige Zinsen und ähnliche Erträge<br>davon aus verbundenen Unternehmen EUR 558.323,25 (2014: TEUR 578)  | 978.260,03     | 1.052        |
| 10. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen<br>und Wertpapieren des Umlaufvermögens  | 0,00           | 680          |
| 11. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens<br>a) davon Abschreibungen EUR 10.295.365,08 (2014: TEUR 0)<br>b) davon Aufwendungen aus verbundenen Unternehmen EUR 10.267.742,33 (2014: TEUR 1) | -10.295.365,08 | -1           |
| 12. Zinsen und ähnliche Aufwendungen<br>davon betreffend verbundene Unternehmen EUR 964.837,30 (2014: TEUR 1.250)   | -4.624.513,77  | -5.530       |
| 13. Zwischensumme Z 7 bis Z 12 (Finanzerfolg)   | 10.585.674,26  | 30.417       |
| 14. Ergebnis der gewöhnlichen Geschäftstätigkeit  | 3.770.378,28   | 25.193       |
| 15. Verschmelzungsgewinn<br>davon verschmelzungsbedingte Ergebnisübernahme aus Vorperioden EUR 0,00 (2014: TEUR -1.472)   | 0,00           | 252          |
| 16. Steuern vom Einkommen und vom Ertrag<br>davon Ertrag aus Steuerumlagen EUR 7.437.456,73 (2014: TEUR 9.706)  | 1.913.335,77   | 426          |
| 17. Jahresüberschuss  | 5.683.714,05   | 25.871       |
| 18. Auflösung unversteuerter Rücklagen<br>Bewertungsreserve auf Grund von Sonderabschreibungen  | 3.420,00       | 3            |
| 19. Auflösung von Gewinnrücklagen<br>a) Rücklage für eigene Anteile   | 27.612,75      | 0            |
| 20. Gewinnvortrag aus dem Vorjahr   | 2.404.355,52   | 503          |
| 21. Bilanzgewinn  | 8.119.102,32   | 26.377       |

## ANHANG ZUM JAHRESABSCHLUSS 2015

### I. Allgemeine Angaben

Der Jahresabschluss der SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft (SBO), mit Sitz in Ternitz, wurde nach den Vorschriften des Unternehmensgesetzbuches (§§ 189ff UGB) in der geltenden Fassung erstellt.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten. Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurden der Grundsatz der Einzelbewertung und eine Fortführung des Unternehmens unterstellt. Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden.

Für erkennbare Risiken und drohende Verluste, die aus dem vergangenen und früheren Geschäftsjahren resultieren und in der Zukunft schlagend werden könnten, wurden entsprechende Vorsorgen in die Bilanz eingestellt.

Die Gewinn- und Verlustrechnung wurde nach dem Gesamtkostenverfahren erstellt.

Die SBO erstellt einen Konzernabschluss gemäß § 245a UGB nach international anerkannten Rechnungslegungsgrundsätzen. Der Konzernabschluss wird beim Firmenbuch des Handelsgerichtes Wiener Neustadt hinterlegt.

### II. Bilanzierungs- und Bewertungsmethoden

Die beim Jahresabschluss 2014 angewendeten **Bilanzierungs- und Bewertungsmethoden** wurden beibehalten. Allfällige Ausweisänderungen sind bei den Erläuterungen zu den betreffenden Positionen angeführt.

Bei der Bewertung des **Anlagevermögens** wurde das Niederstwertprinzip eingehalten. Die vorgenommenen Abschreibungen tragen den verbrauchsbedingten und sonstigen Wertminderungen voll Rechnung. Die planmäßige Abschreibung wird linear vorgenommen.

Die **Forderungen und sonstigen Vermögensgegenstände** wurden nach dem strengen Niederstwertprinzip bilanziert. Fremdwährungsforderungen wurden mit dem Devisen-Geldkurs zum Bilanzstichtag oder zu niedrigeren Anschaffungskursen bewertet. Allen erkennbaren Einzelrisiken wurde durch Wertberichtigungen Rechnung getragen. Pauschalwertberichtigungen wurden nicht vorgenommen.

Auf Fremdwährung lautende **Guthaben bei Kreditinstituten** wurden mit dem Devisen-Geldkurs zum Bilanzstichtag bilanziert.

Die Bewertung der **Verbindlichkeiten** erfolgte unter Bedachtnahme auf den Grundsatz der Vorsicht mit ihrem Rückzahlungsbetrag. Fremdwährungsverbindlichkeiten wurden mit ihrem Entstehungskurs oder mit dem höheren Devisen-Briefkurs zum Bilanzstichtag bewertet.



Anlage 3

Die Berechnung der **Abfertigungsrückstellungen** erfolgte mittels versicherungsmathematischem Verfahren gemäß IAS 19 (Methode der laufenden Einmalprämien). Hierzu wurden die folgenden Berechnungsannahmen verwendet: Zinssatz 2,2 % (Vorjahr: 2,0 %), Gehaltssteigerung 3,5 % (Vorjahr: 4,0 %) p. a., Pensionseintrittsalter gemäß den aktuellen gesetzlichen Regelungen. Im Rahmen der Ermittlung der Abfertigungsrückstellung erfolgt die Verteilung des Dienstzeitaufwandes für die Leistungsart Pensionierung über den Zeitraum vom Eintritt in das Unternehmen bis zum Zeitpunkt des geplanten Pensionsantrittes des jeweiligen Dienstnehmers.

Die **Jubiläumsgeldrückstellungen** wurden ebenfalls gemäß IAS 19 berechnet.

**III. Erläuterungen zu den Posten der Bilanz und der Gewinn- und Verlustrechnung****1. ERLÄUTERUNGEN ZUR BILANZ****ANLAGEVERMÖGEN**

Die Entwicklung des Anlagevermögens ist im beiliegenden Anlagenspiegel dargestellt.

Das **abnutzbare Anlagevermögen** wird über folgende Nutzungsdauern planmäßig linear abgeschrieben:

- |  |                 |
|--|-----------------|
| - EDV-Software                         | 4 Jahre         |
| - Rechte                               | 15 Jahre        |
| - Gebäude und Grundstückseinrichtungen | 10 bis 50 Jahre |
| - Betriebs- und Geschäftsausstattung   | 4 bis 8 Jahre   |

In den **immateriellen Vermögensgegenständen** ist „Intellectual Property“ (gewerbliche Schutz- und Musterrechte) enthalten, welches von einem verbundenen Unternehmen im Jahr 2008 erworben wurde (Buchwert per 31.12.2015: TEUR 0,0; Vorjahr: TEUR 3.578,1) und von 2009 bis 2015 gegen Lizenzgebühr zur Nutzung überlassen wurde. Per 31.12.2015 wurden die Rechte außerplanmäßig auf Null abgeschrieben, da aufgrund vorgenommener Restrukturierungsmaßnahmen des betreffenden Tochterunternehmens künftige keine Erträge aus der Nutzungsüberlassung realisiert werden.

Bei den **Anteilen an verbundenen Unternehmen** gab es folgende Bewegungen:

- |  |      |           |
|--|------|-----------|
| - Schoeller-Bleckmann de Mexico S. A. de C. V. |      |           |
| Teilwertabschreibung                           | TEUR | - 5.717,7 |
| - Foxano AG                                    |      |           |
| Zugang   | TEUR | 732,9     |
| Teilwertabschreibung                           | TEUR | - 4.550,0 |

Die **Ausleihungen** betrafen ausschließlich Konzerngesellschaften. Deren Fristigkeit stellt sich wie folgt dar:

| in TEUR    | <1 Jahr | 1-5 Jahre | > 5 Jahre | Bilanzwert |
|------------|---------|-----------|-----------|------------|
| 31.12.2015 | 2.029,7 | 14.885,0  | 0,0       | 16.914,7   |
| 31.12.2014 | 2.029,7 | 14.885,0  | 0,0       | 16.914,7   |



Bei der Bewertung der **Fremdwährungsausleihungen** (USD) wurde vom Niederstwertprinzip Gebrauch gemacht.

Vom Zuschreibungswahlrecht gem. § 208 Abs. 1 UGB in Höhe von TEUR 5.853,5 wurde nicht Gebrauch gemacht (Vorjahr: TEUR 3.558,6). Die daraus resultierende steuerliche Belastung wäre TEUR 1.463,4 (Vorjahr: TEUR 889,6).

### UMLAUFVERMÖGEN

#### Forderungen und sonstige Vermögensgegenstände

Die Restlaufzeit stellt sich wie folgt dar:

| 31.12.2015 (in TEUR)                          | RLZ < 1 Jahr    | RLZ > 1 Jahr    | Bilanzwert      |
|---|-----------------|-----------------|-----------------|
| Forderungen aus Lieferungen und Leistungen    | 15,4            | 0,0             | 15,4            |
| Forderungen gegenüber verbundenen Unternehmen | 10.600,0        | 8.727,4         | 19.327,4        |
| sonstige Forderungen und Vermögensgegenstände | 1.667,2         | 8.430,2         | 10.097,4        |
| <b>Summe</b>                                  | <b>12.282,6</b> | <b>17.157,6</b> | <b>29.440,2</b> |

| 31.12.2014 (in TEUR)                          | RLZ < 1 Jahr    | RLZ > 1 Jahr    | Bilanzwert      |
|---|-----------------|-----------------|-----------------|
| Forderungen gegenüber verbundenen Unternehmen | 10.694,5        | 5.935,8         | 16.630,3        |
| sonstige Forderungen und Vermögensgegenstände | 395,2           | 10.190,5        | 10.585,7        |
| <b>Summe</b>                                  | <b>11.089,7</b> | <b>16.126,3</b> | <b>27.216,0</b> |

Die **Forderungen gegenüber verbundenen Unternehmen** resultieren ausschließlich aus Konzernfinanzierungen.

Die größten Positionen in den **sonstigen Forderungen** waren Darlehen an Mitarbeiter von Konzerngesellschaften (TEUR 8.410,3; Vorjahr: TEUR 10.170,6).

Erträge, welche nach dem Abschlussstichtag zahlungswirksam werden, betrafen Zinsabgrenzungen (TEUR 12,8; Vorjahr: TEUR 27,8).

#### Eigene Anteile

Zum Bilanzstichtag 2015 hält die Gesellschaft 18.000 Stück eigene Aktien (31.12.2014 24.000 Stück). Dies entspricht einem Anteil von 0,11 % am Grundkapital (Vorjahr: 0,15 %) mit einem Buchwert von TEUR 907,4 (Vorjahr: TEUR 1.246,6).

Zum 31.12.2015 wurden die Anteile um TEUR 27,6 auf deren Kurswert abgewertet. Zum 31.12.2014 wurden vom Zuschreibungswahlrecht gemäß § 208 Abs. 1 UGB in Höhe von TEUR 7,6 nicht Gebrauch gemacht. Die daraus resultierende steuerliche Belastung zum 31.12.2014 wäre TEUR 1,9.

## Anlage 3

EIGENKAPITAL

Das **Grundkapital** von TEUR 16.000,0 besteht aus 16.000.000 auf Inhaber lautende Aktien zu je EUR 1,00.

In der Hauptversammlung vom 23. April 2014 wurde der Vorstand für die Dauer von 30 Monaten ermächtigt, eigene Aktien der Gesellschaft bis zu maximal 10 % des Grundkapitals zu erwerben. In den Jahren 2015 sowie 2014 wurde von dieser Ermächtigung kein Gebrauch gemacht.

Die **gebundene Kapitalrücklage** betrug zum Bilanzstichtag unverändert TEUR 69.976,0 und resultiert aus dem Agio bei der Ausgabe junger Aktien in 1997 und in 2005.

Die **gesetzliche Rücklage** betrug zum Bilanzstichtag unverändert TEUR 785,3.

Die **freie Rücklage** betrug zum Bilanzstichtag TEUR 15.848,9 (Vorjahr: TEUR 15.537,3). Im Jahr 2015 erfolgte aufgrund des Abgangs von eigenen Aktien eine erfolgsneutrale Umwidmung aus der Rücklage für eigene Anteile in Höhe von TEUR 311,6 (Vorjahr: erfolgsneutrale Umwidmung aus der Rücklage für eigene Anteile in der Höhe von TEUR 3.311,1).

Die **Rücklage für eigene Anteile** betrug zum Bilanzstichtag TEUR 907,4 (Vorjahr: TEUR 1.246,6). Dies entspricht dem Buchwert der eigenen Aktien zum Bilanzstichtag.

Die **Optionsrücklage** in Zusammenhang mit einem im Jahr 2014 vereinbarten Vorstandsvergütungsprogramm für die künftige Abgabe von eigenen Aktien beträgt zum Bilanzstichtag TEUR 1.897,0 (VJ: TEUR 1.094,0).

Gemäß dem Hauptversammlungsbeschluss vom 23. April 2015 wurden vom **Bilanzgewinn 2014** TEUR 23.972,9 an die Aktionäre ausgeschüttet und die verbleibenden TEUR 2.404,4 auf neue Rechnung vorgetragen.

UNVERSTEUERTE RÜCKLAGEN

| in TEUR                                     | 2014 | Auflösung | 2015 |
|---|------|-----------|------|
| Bewertungsreserve gemäß § 8 EStG:<br>Bauten | 22,2 | 3,4       | 18,8 |

RÜCKSTELLUNGEN

In den **übrigen Rückstellungen** sind enthalten:

| in TEUR                                      | 31.12.2015     | 31.12.2014     |
|--|----------------|----------------|
| Jubiläumsgeldrückstellungen                  | 43,9           | 58,0           |
| Rückstellungen für nicht konsumierte Urlaube | 406,2          | 363,9          |
| sonstige Personalrückstellungen              | 279,8          | 956,0          |
| Rechts-, Prüfungs- und Beratungskosten       | 562,1          | 176,8          |
| Bilanzveröffentlichung                       | 160,0          | 150,0          |
| <b>Summe</b>                                 | <b>1.452,0</b> | <b>1.704,7</b> |

VERBINDLICHKEITEN

Die **Verbindlichkeiten** weisen folgende Fristigkeiten auf:

| 31.12.2015 (in TEUR)                                | < 1 Jahr        | 1-5 Jahre        | > 5 Jahre    | Bilanzwert       |
|---|-----------------|------------------|--------------|------------------|
| Anleihen  | 0,0             | 0,0              | 0,0          | 0,0              |
| Verbindlichkeiten gegenüber Kreditinstituten        | 10.416,7        | 118.000,0        | 0,0          | 128.416,7        |
| Verbindlichkeiten aus Lieferungen und Leistungen    | 512,1           | 0,0              | 0,0          | 512,1            |
| Verbindlichkeiten gegenüber verbundenen Unternehmen | 74.591,4        | 0,0              | 0,0          | 74.591,4         |
| sonstige Verbindlichkeiten                          | 1.400,3         | 1.058,5          | 860,0        | 3.318,8          |
| <b>Summe</b>  | <b>86.920,5</b> | <b>119.058,5</b> | <b>860,0</b> | <b>206.839,0</b> |

| 31.12.2014 (in TEUR)                                | < 1 Jahr        | 1-5 Jahre       | > 5 Jahre       | Bilanzwert       |
|---|-----------------|-----------------|-----------------|------------------|
| Anleihen  | 20.000,0        | 0,0             | 0,0             | 20.000,00        |
| Verbindlichkeiten gegenüber Kreditinstituten        | 8.568,7         | 58.416,7        | 30.000,0        | 96.985,4         |
| Verbindlichkeiten aus Lieferungen und Leistungen    | 243,9           | 0,0             | 0,0             | 243,9            |
| Verbindlichkeiten gegenüber verbundenen Unternehmen | 36.766,0        | 0,0             | 0,0             | 36.766,0         |
| sonstige Verbindlichkeiten                          | 2.586,5         | 1.058,5         | 1.124,6         | 4.769,6          |
| <b>Summe</b>  | <b>68.165,1</b> | <b>59.475,2</b> | <b>31.124,6</b> | <b>158.764,9</b> |

Im Juni 2008 wurden zwei **Anleihen** im Gesamtnennbetrag von jeweils MEUR 20,0, eingeteilt in 800 untereinander gleichrangige auf den Inhaber lautende Teilschuldverschreibungen im Nennbetrag von je EUR 50.000 emittiert. Die Teilschuldverschreibungen wurden bezogen auf ihren Nennbetrag bis zum Fälligkeitstag mit jährlich 5,75 % (Anleihe 2008-2013) bzw. 5,875 % (Anleihe 2008-2015) verzinst, wobei die Zinsen jeweils nachträglich am 18. Juni eines jeden Jahres zahlbar waren. Eine Teilschuldverschreibung wurde am 18. Juni 2013 zum Nennbetrag von MEUR 20,0 zurückgezahlt, die weitere wurde am 18. Juni 2015 zum Nennbetrag von MEUR 20,0 zurückbezahlt. Die Anleihen waren in den Dritten Markt an der Wiener Börse unter den ISIN AT0000A09U32 bzw. AT0000A09U24 einbezogen.

Die **Verbindlichkeiten gegenüber verbundenen Unternehmen** resultieren ausschließlich aus Konzernfinanzierungen.

In den **sonstigen Verbindlichkeiten** betrafen TEUR 1.135,7 (Vorjahr: TEUR 2.393,1) Aufwendungen, die nach dem Abschlussstichtag zahlungswirksam werden.

## Anlage 3

HAFTUNGSVERHÄLTNISSE

Haftungsverhältnisse bestanden in folgendem Ausmaß:

| In TEUR                                   | 31.12.2015   |                                  | 31.12.2014   |                                  |
|---|--------------|----------------------------------|--------------|----------------------------------|
|   | Gesamtbetrag | davon für verbundene Unternehmen | Gesamtbetrag | davon für verbundene Unternehmen |
| Haftungen für Kredite und Kurssicherungen | 32.652,6     | 32.652,6                         | 46.324,3     | 46.324,3                         |

Darüber hinaus wurden für ein Bankdarlehen eines verbundenen Unternehmens Pfandrechte an Liegenschaften der Gesellschaft bis zu einem Höchstbetrag von TEUR 12.300,0 eingeräumt (Vorjahr: TEUR 9.000,0).

Weiters hat die Gesellschaft gegenüber einem verbundenen Unternehmen eine Patronats-erklärung mit Befristung bis Juni 2016 abgegeben, die eine unwiderrufliche Zusicherung enthält, das Unternehmen derart zu unterstützen, dass dieses jederzeit ihren finanziellen Verpflichtungen nachkommen kann.

FINANZIELLE VERPFLICHTUNGEN

Im Zuge eines Unternehmenszusammenschlusses im Jahr 2014 hat die Gesellschaft den anderen Gesellschaftern das ab 31. März 2018 jederzeit ausübbar Recht eingeräumt, ihre Anteile der Gesellschaft anzubieten und hat sich diesfalls die Gesellschaft verpflichtet, die angebotenen Anteile zu erwerben. Zudem hat die Gesellschaft das Recht erworben, ab 31. März 2018 jederzeit die Anteile der anderen Gesellschafter zu erwerben, welche sich dazu verpflichtet haben, die Anteile diesfalls an die Gesellschaft zu übertragen (Put- und Call-Option). Der Kaufpreis ist jeweils von den erzielten Ergebnissen des erworbenen Unternehmens sowie in einem Fall auch vom EBITDA-Multiple der SBO zum Ausübungszeitpunkt abhängig.

Im Zuge eines Unternehmenszusammenschlusses im Jahr 2012 hat die Gesellschaft den anderen Gesellschaftern das Recht eingeräumt, ihre Anteile der Gesellschaft anzubieten und hat sich diesfalls die Gesellschaft verpflichtet, die angebotenen Anteile zu erwerben. Der Kaufpreis ist von den erzielten Ergebnissen des erworbenen Unternehmens abhängig.

Die Gesellschaft hat sich verpflichtet, für eine Wettbewerbsvereinbarung jährlich USD 500.000 zu zahlen, sofern sich der Vertragspartner während der Laufzeit bis 2020 an die Vertragsbedingungen hält.

Für die Nutzung von nicht in der Bilanz ausgewiesenen Sachanlagen bestehen Mietverträge mit folgenden Verpflichtungen:

- fällig innerhalb 1 Jahr: TEUR 0,0 (Vorjahr: TEUR 0,0)
- fällig innerhalb der nächsten 5 Jahre: TEUR 0,0 (Vorjahr: TEUR 0,0)

Für **Bestellungen zu Sachanlagen** bestanden Verpflichtungen in der Höhe von TEUR 0,0 (Vorjahr: TEUR 0,0).

**2) ERLÄUTERUNGEN ZUR GEWINN- UND VERLUSTRECHNUNG**UMSATZERLÖSE

Die größten Posten sind:

| in TEUR                         | 2015    | 2014    |
|---------------------------------|---------|---------|
| Verrechnete Holdingleistungen   | 4.564,8 | 6.730,6 |
| Mieterträge                     | 1.735,4 | 1.680,1 |
| Lizenzeeinnahmen                | 692,8   | 624,0   |
| Verrechnete Konzernversicherung | 0,0     | 9,7     |

SONSTIGE BETRIEBLICHE ERTRÄGE

Die größten Posten sind:

| in TEUR     | 2015    | 2014    |
|-------------|---------|---------|
| Kursgewinne | 1.944,9 | 1.843,9 |

PERSONALAUFWAND

Im Posten **Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeiter-Vorsorgekassen** sind Leistungen an betriebliche Mitarbeiter-Vorsorgekassen in der Höhe von TEUR 14,9 (Vorjahr: TEUR 12,5) enthalten.

Von den Aufwendungen für Abfertigungen und Pensionen entfallen TEUR 868,1 (Vorjahr: TEUR 1.060,2) auf die Mitglieder des Vorstands.

SONSTIGE BETRIEBLICHE AUFWENDUNGEN

Die größten Posten in den **übrigen sonstigen betrieblichen Aufwendungen** sind:

| in TEUR                                  | 2015    | 2014    |
|--|---------|---------|
| Rechts-, Prüfungs- und Beratungskosten   | 1.762,4 | 5.088,3 |
| Forschungs- und Entwicklungsaufwendungen | 1.256,9 | 950,0   |
| Dienstleistungen Konzern                 | 812,8   | 756,1   |
| Versicherungen                           | 333,1   | 306,9   |
| Kursverluste                             | 909,6   | 5,1     |

Darüber hinaus sind Spesen des Geldverkehrs, EDV-Aufwand sowie sonstige Verwaltungs- und Vertriebsaufwendungen unter dieser Position verbucht.

BETEILIGUNGSERGEBNIS

Die **Erträge aus Beteiligungen** betreffen nachfolgende Gesellschaften:

| in TEUR                                      | 2015     | 2014     |
|--|----------|----------|
| Schoeller-Bleckmann Oilfield Technology GmbH | 14.000,0 | 14.000,0 |
| Schoeller-Bleckmann America Inc.             | 0,0      | 7.910,8  |
| DSI FZE                                      | 7.361,1  | 7.849,2  |
| BICO Drilling Tools Inc.                     | 1.190,1  | 2.771,4  |

VERSCHMELZUNGSGEWINN

Zur Straffung der Konzernstruktur wurde am 21. Februar 2014 beschlossen, die beiden nicht operativ tätigen Gesellschaften Schoeller-Bleckmann Drilling and Production Equipment GmbH, Ternitz, sowie die BICO-DSI Investment GmbH, Ternitz, als übertragende Gesellschaften mit der SCHOELLER-BLECKMANN Oilfield Equipment Aktiengesellschaft, Ternitz, als übernehmende Gesellschaft rückwirkend zum 30. September 2013 zu verschmelzen. Aus der Verschmelzung dieser Gesellschaften ergab sich im Jahr 2014 ein Verschmelzungsgewinn von TEUR 251,7.

STEUERN VOM EINKOMMEN UND VOM ERTRAG

Die Schoeller-Bleckmann Oilfield Equipment AG hat die Möglichkeit der Bildung einer steuerlichen Unternehmensgruppe gemäß § 9 KStG unter Anwendung der Belastungsmethode genutzt. Gruppenmitglieder sind bzw waren:

Inland:

- Schoeller-Bleckmann Oilfield Technology GmbH., Ternitz.....(ab 2008),
- Schoeller-Bleckmann Drilling and Production Equipment GmbH., Ternitz.....(ab 2010),
- BICO-DSI Investment GmbH., Ternitz.....(von 2010-2014).

Ausland:

- Schoeller-Bleckmann de Mexico S. A. de C. V., Monterrey .....(ab 2005),
- Schoeller-Bleckmann Oilfield Equipment Vietnam LLC, Binh Duong .....(ab 2009),
- Schoeller-Bleckmann do Brasil Ltda., Macae ..... (von 2009 bis 2014).

Die Schoeller-Bleckmann Drilling and Production Equipment GmbH., Ternitz sowie die BICO-DSI Investment GmbH., Ternitz wurden in 2014 mit der Gesellschaft verschmolzen. Die Schoeller-Bleckmann do Brasil Ltda., Macae, wurde im Geschäftsjahr veräußert, wodurch sie aus der Steuergruppe in 2014 ausgeschieden ist.

Die aktive Steuerlatenz beträgt TEUR 1.956,9 (Vorjahr: TEUR 1.164,4). Sie wurde gemäß § 198 Abs. 10 UGB nicht in der Bilanz ausgewiesen.

Im Geschäftsjahr 2015 weist die Gesellschaft nach Verrechnung der Steuerumlagen an inländische Gruppenmitglieder in Höhe von TEUR 7.437,5 (Vorjahr: TEUR 9.706,5) einen Steuerertrag in Höhe von TEUR 1.913,3 (Vorjahr: TEUR 426,2) aus. Darin sind Aufwendungen für Quellensteuern in Höhe von TEUR 110,1 (Vorjahr: TEUR 594,7) sowie auf Vorjahre entfallende Steuern von TEUR 32,7 (Ertrag) (Vorjahr: Aufwand von TEUR 41,1) enthalten.



BILANZGEWINN

Das Geschäftsjahr 2015 schließt mit einem Jahresüberschuss von TEUR 5.683,7. Nach Berücksichtigung der Rücklagenbewegungen sowie zuzüglich des Gewinnvortrags aus 2014 ergibt sich ein Bilanzgewinn von TEUR 8.119,1.

Der Vorstand schlägt vor, an die dividendenberechtigten Aktien eine Dividende von EUR 0,50 je Aktie (Vorjahr EUR 1,50) auszuschütten und den verbleibenden Bilanzgewinn auf neue Rechnung vorzutragen.

GESCHÄFTSFÄLLE MIT NAHESTEHENDEN UNTERNEHMEN UND PERSONEN

Im Geschäftsjahr 2014 ist im Zusammenhang mit der Verschmelzung der beiden nicht operativ tätigen Gesellschaften Schoeller-Bleckmann Drilling and Production Equipment GmbH, Ternitz, und BICO-DSI Investment GmbH, Ternitz, als übertragende Gesellschaften mit der SCHOELLER-BLECKMANN Oilfield Equipment Aktiengesellschaft, Ternitz, als übernehmende Gesellschaft der Minderheitsgesellschafter der BICO-DSI Investment GmbH ausgedient und wurde mit 57.761 Stück SBO-Aktien abgefunden.

Für das Geschäftsjahr 2015 liegen keine berichtspflichtigen Geschäftsfälle gemäß § 237 Z. 8b UGB vor.

AUFWENDUNGEN FÜR DEN ABSCHLUSSPRÜFER

Im Jahr 2015 sind für den Abschlussprüfer, die **Deloitte Schwarz & Schmid Wirtschaftsprüfungs GmbH**, und mit diesem verbundene Unternehmen folgende Aufwendungen angefallen:

|                                      |           |                      |
|--------------------------------------|-----------|----------------------|
| - Prüfung des Jahresabschlusses..... | TEUR 21,7 | (Vorjahr: TEUR 21,2) |
| - Steuerberatungsleistungen.....     | TEUR 25,8 | (Vorjahr: TEUR 35,7) |
| - Sonstige Leistungen.....           | TEUR 40,2 | (Vorjahr: TEUR 78,8) |

IV. Angaben über Beteiligungen und Beziehungen zu verbundenen Unternehmen

Die SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AG war zum 31. Dezember 2015 an folgenden Unternehmen beteiligt:

|  | Anteil in Prozent |          | Ergebnis<br>in TEUR | Eigenkapital<br>in TEUR |
|--|-------------------|----------|---------------------|-------------------------|
|  | Direkt            | Indirekt |                     |                         |
| Schoeller-Bleckmann Oilfield Technology GmbH, Ternitz              | 100,00            |          | Jahr 2015           | 31.12.2015              |
| DSI FZE, Dubai, AE   | 100,00            |          | 23.377,6            | 107.108,5               |
| DSI Saudi LLC, Al Khobar, Saudi Arabien                            |                   | 100,00   | 8.867,2             | 63.424,3                |
| Schoeller-Bleckmann America Inc., Wilmington, US                   | 100,00            |          | 0                   | 489,9                   |
| KNUST-GODWIN LLC, Houston, US (*)                                  |                   | 100,00   | 13.493,0            | 61.815,0                |
| KNUST-SBO Far East Pte Ltd., Singapur, SG                          |                   | 100,00   | - 6.591,0           | 135.349,8               |
| Schoeller-Bleckmann Energy Services LLC, Lafayette, US             |                   | 93,25    | - 591,4             | 4.655,7                 |
| Schoeller-Bleckmann Sales Co. LLC, Houston, US                     |                   | 100,00   | - 1.224,9           | 16.421,6                |
| Schoeller-Bleckmann Oilfield Equipment (UK) Limited, Rotherham, GB | 100,00            |          | 503,2               | 8.755,9                 |
| Darron Tool & Engineering Limited, Rotherham, GB                   |                   | 100,00   | - 9.605,2           | 46.962,7                |
| Schoeller-Bleckmann Darron Limited, Aberdeen, GB                   |                   | 91,00    | - 4.374,2           | 176,6                   |
| Schoeller-Bleckmann Darron (Aberdeen) Limited, Aberdeen, GB        |                   | 94,00    | 1.583,4             | 21.766,5                |
| Techman Engineering Limited, Chesterfield, GB                      |                   | 90,65    | - 38,0              | 9.606,0                 |
| BICO Drilling Tools Inc., Houston, US                              | 89,55             |          | - 2.759,6           | 6.227,3                 |
| BICO-FASTER Drilling Tools Inc., Nisku, CA                         |                   | 77,91    | - 1.788,8           | 93.449,1                |
| Schoeller-Bleckmann de Mexico S. A. de C. V., Monterey, MX         | 97,00             |          | 206,5               | 8.765,5                 |
| Schoeller-Bleckmann do Brasil Ltda., Macae, BR                     |                   | 100,00   | - 2.823,1           | 649,8                   |
| SB Darron Pte Ltd., Singapur, SG                                   | 100,00            |          | 1.527,4             | 5.151,6                 |
| Schoeller-Bleckmann Oilfield Equipment Middle East FZE, Dubai, AE  | 100,00            |          | 12,1                | 7.915,5                 |
| Schoeller-Bleckmann Oilfield Equipment Vietnam LLC, Binh Duong, VN | 100,00            |          | 362,3               | 6.495,4                 |
| Schoeller-Bleckmann Canada, Calgary, CA                            | 100,00            |          | - 87,2              | 19.340,7                |
| Resource Well Completion Technologies Inc., Calgary, CA            |                   | 67,00    | 166,3               | 32.724,0                |
| Resource Well Completion Technologies Corp., Oklahoma City, US     |                   | 67,00    | 801,1               | 5.757,2                 |
| Resource Completion Systems Holdings Inc., Calgary, CA             |                   | 67,00    | - 145,0             | 196,6                   |
|  |                   |          | - 1,1               | - 3,8                   |

(\*) Nach Verschmelzung von Knust-SBO L.L.C. mit Godwin-SBO L.L.C. in 2015  
Für die Angaben zu weiteren Beteiligungen wird von der Bestimmung gem. § 241 Abs. 2 Zl. 2 UGB Gebrauch gemacht.



**V. Angaben über Organe und Arbeitnehmer**

Der durchschnittliche Personalstand gliedert sich wie folgt:

|                          | <b>2015</b> | <b>2014</b> |
|--------------------------|-------------|-------------|
| Gehaltsempfänger         | 15          | 15          |
| Lohnempfänger            | 8           | 7           |
| <b>Summe Mitarbeiter</b> | <b>23</b>   | <b>22</b>   |

Zum 31.12.2015 betrug der Personalstand 24 Mitarbeiter: 16 Gehaltsempfänger und 8 Lohnempfänger (Vorjahr: 22 Mitarbeiter, 15 Gehaltsempfänger und 7 Lohnempfänger).

Die Bezüge für die Mitglieder des Vorstands betragen im Jahr 2015 TEUR 1.830 (davon fixer Anteil TEUR 908, davon variabler Anteil TEUR 922 (Vorjahr: TEUR 1.931 (davon fixer Anteil TEUR 920, davon variabler Anteil TEUR 1.011)).

Im Geschäftsjahr 2014 wurde dem Vorstandsvorsitzenden Ing. Gerald Grohmann für Vorstandstätigkeiten unter der Voraussetzung eines jeweils aktiven Dienstverhältnisses eine jährliche Übertragung von jeweils 6.000 Stück SBO Aktien zugesagt, wobei die erste Übertragung 2014 erfolgte. Diese Aktien unterliegen auf die Dauer von 2 Jahren ab der jeweiligen Übertragung, längstens aber bis zur Beendigung des Dienstvertrages, einer Verfügungs- und Belastungsbeschränkung seitens Herrn Grohmann. Die Gewährung der Aktien ist mit einem Gesamtkurswert von TEUR 1.300,0 beschränkt, wobei die Wertermittlung am Ende der jeweiligen Sperrfrist erfolgt. Der Kurswert zum Zeitpunkt der Übertragung 2015 für 6.000 Aktien betrug TEUR 384 (Vorjahr: TEUR 521). Zum 31.12.2015 beträgt der Kurswert der 12.000 bereits übertragenen Aktien TEUR 605 (Vorjahr: 6.000 Stück TEUR 360,0).

Weiters wurde im Geschäftsjahr 2014 dem Vorstandsvorsitzenden eine freiwillige Abfertigung in Höhe von 30.000 Stück SBO Aktien bei Vertragsende zugesagt. Der Aufwand betreffend aktienbasierter Vergütungen ist aufgrund der bestehenden Verfügungsbeschränkung bzw. der erst bei Ende des Dienstverhältnisses gewährten Abfertigung in den oben dargestellten Bezügen nicht enthalten.

Im Geschäftsjahr 2015 erhielten die Aufsichtsratsmitglieder in Summe eine Vergütung von TEUR 115,1 (Vorjahr: TEUR 109,7).

Anlage 3Aufsichtsrat:

Mag. NORBERT ZIMMERMANN  
Vorsitzender seit 10.04.1995

Dr. PETER PICHLER  
Mitglied seit 10.04.1995, stellvertretender Vorsitzender seit 29.04.2003

Mag. Brigitte EDERER  
Mitglied seit 23.04.2014

Mag. DI HELMUT LANGANGER  
Mitglied seit 29.04.2003

KARL SAMSTAG  
Mitglied seit 24.10.2005

Dr. KARL SCHLEINZER  
Mitglied seit 24.05.1995

Vorstand:

Ing. GERALD GROHMANN  
Vorsitzender seit 03.10.2001

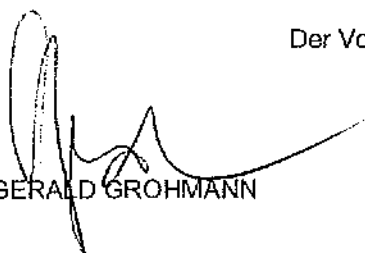
Mag. KLAUS MADER  
seit 01.10.2015

Mag. FRANZ GRITSCH  
von 01.12.1997 bis 30.09.2015

Ternitz, am 24. Februar 2016

SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft

Der Vorstand

  
Ing. GERALD GROHMANN

  
Mag. KLAUS MADER

## SCHOELLER-BLECKMANN OILFIELD EQUIPMENT AKTIENGESELLSCHAFT

Anlage 3/Beflage

## Anlagenpiegel zum 31.12.2015

|  | Entwicklung der Anschaffungs- und Herstellungskosten |                     |                   |                       | Buchwert<br>31.12.2015 | Buchwert<br>31.12.2014 | Abschreibungen<br>des Geschäftsj. |
|--|--|---------------------|-------------------|-----------------------|------------------------|------------------------|-----------------------------------|
|  | Stand 01.01.2015                                     | Zugänge             | Abgänge           | Stand 31.12.2015      |                        |                        |                                   |
| <b>I. Immaterielle Vermögensgegenstände</b>  |  |                     |                   |                       |                        |                        |                                   |
| 1. Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen | 6.380.530,22   | 0,00                | 0,00              | 6.380.530,22          | 3.593.878,18           | 3.584.413,18           |                                   |
| Summe immaterielle Vermögensgegenstände  | 6.380.530,22   | 0,00                | 0,00              | 6.380.530,22          | 3.593.878,18           | 3.584.413,18           |                                   |
| <b>II. Sachanlagen</b>   |  |                     |                   |                       |                        |                        |                                   |
| 1. Grundstücke, grundstücksgleiche Rechte und Bauten, davon Grundwert EUR 3.162.546,12 (2014: EUR 3.162,5)   | 19.741.812,63  | 0,00                | 0,00              | 19.741.812,63         | 12.864.031,16          | 560.160,88             |                                   |
| 2. andere Anlagen, Betriebs- und Geschäftsausstattung  | 782.845,00   | 74.695,53           | -74.441,07        | 763.099,46            | 202.865,77             | 38.911,50              |                                   |
| 3. geleistete Anzahlungen auf Sachanlagen  | 0,00   | 430.415,00          | 0,00              | 430.415,00            | 0,00                   | 0,00                   |                                   |
| 4. geringwertige Wirtschaftsgüter  | 0,00   | 271,46              | -271,46           | 0,00                  | 0,00                   | 271,46                 |                                   |
| Summe Sachanlagen  | 20.504.657,63  | 505.381,98          | -74.712,52        | 20.935.327,09         | 13.066.896,93          | 599.343,81             |                                   |
| <b>III. Finanzanlagen</b>  |  |                     |                   |                       |                        |                        |                                   |
| 1. Anteile an verbundenen Unternehmen  | 198.071.330,30                                       | 732.928,68          | 0,00              | 198.804.258,98        | 160.936.353,76         | 10.267.742,33          |                                   |
| 2. Ausleihungen an verbundenen Unternehmen   | 22.768.216,29  | 0,00                | 0,00              | 22.768.216,29         | 16.914.749,57          | 0,00                   |                                   |
| 3. Wertrechte  | 100.000,00   | 43.987,00           | 0,00              | 143.987,00            | 100.000,00             | 0,00                   |                                   |
| Summe Finanzanlagen  | 220.939.546,59                                       | 776.915,68          | 0,00              | 221.716.462,27        | 197.951.103,33         | 10.267.742,33          |                                   |
| <b>SUMME ANLAGEVERMÖGEN</b>  | <b>247.824.734,44</b>                                | <b>1.282.277,66</b> | <b>-74.712,52</b> | <b>249.032.299,56</b> | <b>224.146.692,09</b>  | <b>14.161.499,32</b>   |                                   |

**Schoeller-Bleckmann Oilfield Equipment Aktiengesellschaft****LAGEBERICHT****für das Geschäftsjahr 2015****1) Bericht über den Geschäftsverlauf und die wirtschaftliche Lage**

Die Schoeller-Bleckmann Oilfield Equipment Aktiengesellschaft (SBO) fungiert als konzernleitende Holdinggesellschaft zur Steuerung und Beratung der Tochter- und Beteiligungsgesellschaften.

**Finanzielle und nichtfinanzielle Leistungsindikatoren**

Wegen ihrer Holdingfunktion haben die finanziellen Kennzahlen der SBO keine Aussagekraft für die wirtschaftliche Entwicklung des Konzerns. Die Beurteilung der Vermögens- und Ertragslage des SBO-Konzerns ist deshalb nur anhand des Konzernabschlusses möglich.

Die **Umsatzerlöse** der SBO betragen 2015 MEUR 7,0 (Vorjahr: MEUR 9,0). Bei den von SBO ausgewiesenen Umsatzerlösen handelt es sich um konzerninterne Leistungen, Lizeineinnahmen sowie um Erlöse aus der Vermietung von Grund- und Gebäudeflächen in Ternitz.

Das **Ergebnis der gewöhnlichen Geschäftstätigkeit (EGT)** betrug 2015 MEUR 3,8 (Vorjahr: MEUR 25,2). Es war wesentlich gekennzeichnet durch Erträge aus Beteiligungen in Höhe von MEUR 22,6 (Vorjahr: MEUR 32,5). Es handelt sich hierbei um Ausschüttungen von Schoeller-Bleckmann Oilfield Technology GmbH., DSI FZE und BICO Drilling Tools Inc.

Die **Zugänge zu Sachanlagen und Immateriellen Vermögensgegenständen** betragen 2015 MEUR 0,5 (Vorjahr: MEUR 0,2).

Die **Zugänge zu Finanzanlagen** betragen MEUR 0,8 (Vorjahr: MEUR 75,7) und betrafen mit MEUR 0,8 *Anteile an verbundenen Unternehmen und Wertrechte* (Vorjahr: MEUR 75,7). Bei den Anteilen an verbundenen Unternehmen waren Wertberichtigungen in der Höhe von MEUR 10,3 zu verzeichnen.

Die **Bilanzsumme** 2015 blieb mit MEUR 324,3 nahezu unverändert (Vorjahr: MEUR 301,7).

Die **Eigenkapitalquote** betrug 35,0 % (Vorjahr: 43,4 %).

Das **langfristig gebundene Vermögen** (überwiegend Finanzanlagen) betrug 65,0 % der Bilanzsumme (Vorjahr: 74,3 %).

Der **Personalstand** der SBO zum 31. Dezember 2015 betrug 24 Mitarbeiter (16 Gehaltsempfänger und 8 Lohnempfänger), verglichen mit einem Personalstand zum 31. Dezember 2014 von 22 Mitarbeitern (15 Gehaltsempfänger und 7 Lohnempfänger).

Es bestehen keine Zweigniederlassungen der SBO.

### **Marktumfeld des SBO-Konzerns**

Das Wachstum der Weltwirtschaft ging im Jahr 2015 gegenüber dem Vorjahr leicht zurück und blieb damit unter den ursprünglichen Erwartungen. Den aktuellen Schätzungen des Internationalen Währungsfonds (IWF) zufolge lag das globale Wirtschaftswachstum bei 3,1 % und somit um 0,3 Prozentpunkte unter dem Vorjahreswert (2014: 3,4 %). Die durchschnittliche Wachstumsrate der Industrienationen betrug im Jahr 2015 1,9 %, nach 1,8 % in 2014. Das Wirtschaftswachstum der Schwellenländer lag 2015 bei 4,0 % nach 4,6 % im Jahr 2014.<sup>1</sup>

Während sich der niedrige Ölpreis auf die ölimportierenden Industriestaaten insgesamt positiv auswirkte, beeinträchtigte er die Wirtschaft der erdölexportierenden Schwellenländer. Geopolitische Krisen belasteten die Wirtschaft in Russland, die in die Rezession rutschte, und im Nahen Osten. In China verlangsamte sich das Wachstum. In Summe erzielten die Schwellenländer dank China und Indien aber immer noch attraktive Wachstumsraten.

Der durchschnittliche globale Ölverbrauch stieg im Jahr 2015 laut Internationaler Energie Agentur (IEA) um 1,6 Millionen Barrel pro Tag (mb/d) oder 1,7 % auf 94,4 (2014: 92,8 mb/d). Die höhere Nachfrage wurde vor allem von China, den USA, Indien und Europa getragen. Der Verbrauch in den OECD-Ländern stieg um 0,5 mb/d oder 1,1 % auf 46,1 mb/d (2014: 45,7 mb/d). Der Verbrauch in Nicht-OECD-Ländern stieg um 1,1 mb/d oder 2,5 % auf 48,3 mb/d<sup>2</sup> (2014: 47,1 mb/d).

Trotz der gestiegenen Nachfrage war der Ölmarkt deutlich überversorgt. Im Jahr 2015 wurde mit durchschnittlich 96,4 mb/d um 1,1 mb/d mehr produziert als verbraucht. Die OPEC-Staaten – und hier in erster Linie Saudi-Arabien und der Irak – steigerten die Produktion um 1,2 mb/d. Aber auch die Nicht-OPEC-Länder produzierten 2015 um 1,4 mb/d mehr als im Vorjahr – dieser Anstieg ging vor allem auf das Konto der USA, deren Produktion allerdings im vierten Quartal 2015 wieder leicht zurückging und Russland, das seine Produktion aufgrund der derzeitigen wirtschaftlichen Situation und des Rubel-Verfalls auf ein Maximum hochgefahren hat. Nach einem weltweiten Öl-Angebotsüberhang von 2,4 mb/d im zweiten Quartal 2015, reduzierte sich die Überversorgung im vierten Quartal 2015 leicht auf 2,3 mb/d. Die effektive Reservekapazität<sup>3</sup> der OPEC lag im Jänner 2016 mit 2,288 mb/d um 0,68 mb/d unter dem Vorjahreswert (Jänner 2015: 2,96 mb/d).<sup>4</sup>

<sup>1</sup> Internationaler Währungsfonds (IWF), World Economic Outlook Update, Jänner 2016

<sup>2</sup> International Energy Agency (IEA), Oil Market Report, Februar 2016

<sup>3</sup> Definition der International Energy Agency (IEA): „IEA defines spare capacity as the capacity levels that can be reached within 90 days and sustained for an extended period.“

<sup>4</sup> International Energy Agency (IEA), Oil Market Report, Februar 2016.

Der weltweite Rig-Count<sup>5</sup> lag im Dezember 2015 mit 1.969 Anlagen um 45 % unter dem Vorjahreswert (2014: 3.570 Anlagen). Die Zahl der Bohranlagen sank in allen Weltregionen – mit Ausnahme des Nahen Ostens, wo sie unverändert blieb. Mit Abstand am stärksten war der Rückgang in den USA (minus 62,1 % auf 714 Anlagen) – das war der stärkste Einbruch der vergangenen drei Jahrzehnte.

Die weltweiten Ausgaben für Exploration und Produktion sanken im Jahr 2015 nach Analyseschätzungen um rund 23 % auf, laut Evercore ISI, rund 560 Mrd. USD. Den stärksten Rückgang verzeichnete Nordamerika mit einem Minus von rund 35 %.<sup>6</sup>

Die Preise der beiden handelsüblichen Ölsorten WTI und Brent entwickelten sich in der ersten Jahreshälfte 2015 zunächst noch positiv. Der Preis für ein Barrel der US-Sorte WTI stieg von USD 52,72 zu Jahresbeginn auf ein Jahreshoch von USD 61,36 am 10. Juni 2015. Die europäische Sorte Brent stieg von USD 55,38 pro Barrel zu Jahresbeginn bis zum 13. Mai 2015 auf ein Jahreshoch von USD 66,33.<sup>7</sup>

Im weiteren Verlauf des Jahres fiel der Preis beider Handelssorten allerdings aufgrund des anhaltenden Überangebots am Ölmarkt deutlich. Anfang Dezember 2015 entschied die OPEC erneut, ihre Ölförderung nicht zu drosseln und hielt damit an dem Kurs fest, den sie im November 2014 eingeschlagen hatte. Am 31. Dezember 2015 lag der Preis der Sorte WTI bei USD 37,13 pro Barrel, der Preis der Sorte Brent bei USD 36,61 pro Barrel. Im Jahresverlauf (02.01.-31.12.2015) fiel der Preis der Sorte WTI damit um 29,6 %, jener der Sorte Brent um 33,9 %.

### **Geschäftsentwicklung des SBO-Konzerns**

Die gesamte Oilfield Service-Industrie war im Jahr 2015 vom massiven Einbruch der Bohraktivitäten betroffen. Auch die SBO-Gruppe konnte sich dieser Entwicklung nicht entziehen: Nach einem Rekordauftragseingang im Jahr 2014 sank der Auftragseingang 2015 um 59,1 % auf MEUR 203,6 (2014: MEUR 497,7). Der Umsatz ging um 35,8 % auf MEUR 313,7 zurück (2014: MEUR 488,6). Das EBIT betrug MEUR minus 22,1 (2014: MEUR 67,5). Das Ergebnis nach Steuern lag letztlich bei MEUR minus 19,0 (2014: MEUR 54,0). In diesem Ergebnis sind allerdings Einmaleffekte in Summe von MEUR 20,3 enthalten, wovon MEUR 18,3 nicht cash-wirksam sind. Diese ergaben sich vor allem aus Firmenwertabschreibungen und aus der Bewertung von Optionsverbindlichkeiten.

Trotz des extrem schwierigen Umfelds, das sich im Laufe des Jahres stetig verschlechterte, war die SBO-Gruppe in der Lage, ein positives operatives Ergebnis (EBIT) vor Einmaleffekten von MEUR 3,7 zu erzielen (2014: MEUR 106,7) und den Cashflow aus der laufenden Geschäftstätigkeit um 52,3 % auf MEUR 103,4 zu steigern (2014: MEUR 67,9). Mit liquiden Mitteln von MEUR 196,3 und einer Eigenkapitalquote von 60,8 % verfügt das Unternehmen über eine kerngesunde Bilanzstruktur.

<sup>5</sup> Baker Hughes Inc.

<sup>6</sup> Evercore ISI OFS, 2016 Outlook, Barclays Capital Inc. January 2016.

<sup>7</sup> U.S. Energy Information Agency (EIA), Spot Prices for Crude Oil per 1. Jänner 2016.



Die SBO-Gruppe gliedert ihr Geschäft in die zwei Segmente High Precision Components (Fertigung von Präzisionsbohrstrangteilen) und Oilfield Equipment (Non-Magnetic-Drill-Collars, Bohrmotoren, Circulation Tools, Completion-Tools sowie andere Komponenten einschließlich Service- und Reparaturarbeiten). Beide Segmente waren vom Markteinbruch spürbar betroffen.

Das Segment High Precision Components entwickelte sich 2015 entsprechend den reduzierten CAPEX-Ausgaben der Kunden. Durch die massiv reduzierten Bohraktivitäten in Folge des niedrigen Ölpreises verringerte sich der Bedarf der Kunden deutlich. Zudem waren diese weiter bemüht, die mögliche Einsatzdauer ihrer Tools vermehrt durch Aufbereitung und Reparatur sowie andere Effizienzsteigerungsmaßnahmen zu maximieren und damit die Zahl der Neubestellungen zu minimieren. Der Auftragseingang sank, der Umsatz ging zurück und der Druck auf die Preise nahm zu. All dies führte im Segment High Precision Components zu einem negativen Ergebnis vor Steuern. Um auch in diesem Marktumfeld die Position als Weltmarktführer zu behaupten und den technologischen Vorsprung für den nächsten Aufschwung zu festigen, investierte der Konzern weiter gezielt in die Produktinnovation.

Im Segment Oilfield Equipment wirkte das Herunterfahren der weltweiten Bohraktivitäten ebenfalls dämpfend auf das Geschäft. Auch hier verzeichnete der Konzern einen Rückgang von Auftragseingang und Umsatz. Das Bohrmotorengeschäft der Tochtergesellschaft BICO litt unter der besonders starken Reduktion des Rig Counts in Nordamerika. Durch technologische Weiterentwicklungen ihrer Bohrmotorenflotte konnte BICO ihre Markstellung in den USA dennoch behaupten. Ein in Anbetracht des extrem schwierigen Marktumfelds zufriedenstellendes Ergebnis erzielten die Tochtergesellschaft DSI, die im Bereich der Downhole Circulation-Tools klarer Weltmarktführer ist, sowie die Service und Reparatur Shops, insbesondere jener in Russland. Auch die Ende 2014 neu akquirierte Tochtergesellschaft Resource Well Completion Technologies (Resource) erwirtschaftete ein positives Ergebnis.

Die SBO-Gruppe besitzt große Erfahrung im Umgang mit den Zyklen in der Oilfield Service-Industrie und hat auch im aktuellen Abschwung rasch reagiert, um der Verschlechterung der Marktverhältnisse frühzeitig entgegenzuwirken. Das Unternehmen hat bereits im dritten Quartal 2014 erste Gegensteuerungsmaßnahmen eingeleitet und diesen Kurs im Jahr 2015 konsequent fortgesetzt:

- Der Konzern hat die beiden US-amerikanischen Tochtergesellschaften „Godwin-SBO L.L.C.“ (Godwin) und „Knust-SBO L.L.C.“ (Knust) per 1. Oktober 2015 fusioniert. Die Produktion der neuen „Knust-Godwin LLC“ wird am Standort von Godwin zusammengeführt. Durch die Zusammenlegung werden strukturelle und damit nachhaltige Kostenvorteile erzielt, obwohl die Kapazitäten auf dem gleichen Niveau bleiben. Die Gesellschaft wird damit sehr gut aufgestellt sein, um die Nachfrage, die im Zuge des nächsten Aufschwungs wieder entstehen wird, optimal bedienen zu können. Die Restrukturierung soll bis Mitte 2016 abgeschlossen sein.

- Der Konzern hat die Restrukturierung ihrer Aktivitäten in England, die bereits im dritten Quartal 2014 gestartet worden war, plangemäß abgeschlossen. Das Geschäft der beiden benachbarten Tochtergesellschaften „Techman Engineering Ltd.“ (Techman) und „Darron Tool & Engineering Ltd.“ (Darron) wurde am Standort von Techman zusammengeführt. Dadurch werden strukturelle und damit nachhaltige Kostenvorteile erzielt.
- Die Investitionen in Sachanlagevermögen (CAPEX) wurden 2015 weitestgehend auf Erhaltungsinvestitionen und Restrukturierungsmaßnahmen reduziert. Zudem investierte der Konzern selektiv in Standort-Erweiterungen (Russland, Mittlerer Osten). Von der Reduktion ausgenommen waren Ausgaben in Forschung & Entwicklung.
- Der Konzern hat die 2014 gestartete Internationalisierung des erfolgreichen Bohrmotorengeschäfts der Tochtergesellschaft BICO weiter vorangetrieben. Neben ersten Erfolgen in Russland und Fernost werden in Zukunft die Bohrmotoren von unserer bestehenden Niederlassung in Dubai vermarktet. Zudem bieten die neu gegründeten Vertriebsgesellschaften in Saudi-Arabien und Mexiko vor allem für DSI, mit ihrer Untertage-Zirkulations-Technologie, zusätzliche Marktchancen.
- Die Personalkapazitäten wurden an die Marktnachfrage angepasst. Der Personalstand des Konzerns lag zum 31. Dezember 2015 bei 1.135 Mitarbeitern (31. Dezember 2014: 1.720) und sank somit um 34,0% im Jahresvergleich.
- Die Firmenwerte der beiden Tochtergesellschaften Resource und BICO wurden angepasst. Beide Gesellschaften sind vornehmlich am nordamerikanischen Markt tätig, der besonders stark vom aktuellen Abschwung betroffen ist. Im Zuge der Zusammenlegung in England wurde auch der Firmenwert für Techman wertberichtigt.

### **Nachtragsbericht**

Nach dem Bilanzstichtag sind keine Vorgänge von besonderer Bedeutung eingetreten, die zu einer anderen Darstellung der Vermögens-, Finanz- und Ertragslage geführt hätten.

Im Februar 2016 wurden zur Refinanzierung auslaufender Darlehen Vereinbarungen zur Aufnahme von Schuldscheindarlehen in Höhe von TEUR 27.000 mit einer Fixverzinsung von 1,43 % bis 1,84 % und einer Laufzeit bis 2021 bzw. 2023 aufgenommen.



## **2) Bericht über die voraussichtliche Entwicklung und die Risiken des Unternehmens**

### **Ausblick des SBO-Konzerns**

Der Internationale Währungsfonds (IWF) hat seine Prognose für das Jahr 2016 im Jänner 2016 nach unten korrigiert, rechnet aber immer noch mit einem Anstieg des weltweiten Wirtschaftswachstums auf 3,4 %, nach 3,1 % im Jahr 2015 und 3,4 % im Jahr 2014.<sup>8</sup> Die Wirtschaft der Industriestaaten soll im Jahr 2016 um 2,1 % wachsen (nach 1,9 % im Jahr 2015 und 1,8 % im Jahr 2014). Damit zeichnet sich eine Fortsetzung der moderaten Konjunkturerholung in den Industriestaaten ab. In den Schwellen- und Entwicklungsländern geht der IWF für 2016 nun von einem Wachstum von 4,3 % aus (nach 4,0 % im Jahr 2015 und 4,6 % im Jahr 2014).

Den wesentlichen Grund für die Konjunkturverbesserung in den Industrienationen sieht der IWF für 2016 in einem Schub durch niedrige Rohstoffkosten – insbesondere dem niedrigen Ölpreis. In den Schwellen- und Entwicklungsländern erwartet der IWF vor allem in Ländern, die 2015 in wirtschaftlichen Schwierigkeiten steckten, eine gewisse Erholung – dazu gehören Russland und einige Staaten in Lateinamerika und im Nahen Osten. Eine stärkere Nachfrage aus den Industrienationen und der Abbau der Sanktionen gegen den Iran sollen den Schwellenländern in 2016 positive Impulse geben. Dem steht ein geringeres Wachstum in China gegenüber. Auffällig ist die schwache Prognose für Saudi-Arabien, dessen Wirtschaft deutlich unter dem niedrigen Ölpreis leidet und in 2016 nur mehr um 1,2 % wachsen soll (2015: 3,4 %).

Die Internationale Energieagentur (IEA) geht daher für 2016 von einem weiteren Anstieg des Ölbedarfs aus: Der Ölverbrauch soll 2016 95,6 mb/d betragen. Das bedeutet einen Anstieg von 1,2 mb/d oder plus 1,2 % im Vergleich zum Vorjahr (2015: 94,4 mb/d). Die durchschnittliche Ölnachfrage in den OECD-Staaten soll mit rund 46,2 mb/d auf demselben Niveau wie 2015 liegen, während der Ölbedarf der Nicht-OECD-Staaten um 1,2 mb/d oder 2,5 % auf insgesamt 49,4 mb/d steigen soll.<sup>9</sup>

Laut Marktbefragungen der Investmenthäuser Barclays (Jänner 2016)<sup>10</sup> und Evercore ISI (Dezember 2015) werden die Unternehmen der Oilfield Service-Industrie 2016 aufgrund einer anhaltenden Überversorgung des Ölmarktes ihre E&P-Ausgaben weiter reduzieren. Das wäre erstmals seit dem Abschwung 1986/1987 ein Sinken der E&P-Ausgaben in zwei aufeinander folgenden Jahren. Laut den Studien werden die E&P-Ausgaben in 2016 weltweit um 11 bis 20 % und in Nordamerika sogar um 19 bis 27 % sinken. Die befragten Unternehmen haben zum Zeitpunkt der Befragung für 2016 mit einem Ölpreis zwischen USD 45-50 pro Barrel der Sorte WTI kalkuliert.<sup>11</sup> Liegt der Ölpreis im Jahresdurchschnitt 2016 unter diesem Wert, kann nicht ausgeschlossen werden, dass weitergehende Investitionskürzungen folgen.

<sup>8</sup> Internationaler Währungsfonds (IWF), World Economic Outlook Update, Jänner 2016.

<sup>9</sup> International Energy Agency (IEA), Oil Market Report, Februar 2016.

<sup>10</sup> Barclays Capital Inc., Equity Research, January 2016.

<sup>11</sup> Evercore ISI OFS, 2016 Outlook.

Klar ist, dass dies der stärkste Marktabschwung seit dem Jahr 1986 ist, als der Ölpreis von USD 30 pro Barrel binnen acht Monaten auf USD 10 pro Barrel fiel. Damals trafen eine schwächelnde Öl-Nachfrage auf steigende Fördermengen aus Nicht-OPEC Staaten, und eine OPEC, welche versuchte, Marktanteile durch hohe Fördermengen zurückzuerobern. Die wesentlichen Unterschiede zum aktuellen Abschwung liegen einerseits bei einer aktuell anhaltend robusten Öl-Nachfrage und bei der OPEC Reservekapazität, welche damals bei über 10 mb/d (bei einer weltweiten Fördermenge von 60 mb/d) lag und der OPEC einen großen Spielraum zur Erhöhung der Fördermenge gab. Heute liegt diese Reservekapazität zwischen 2 und 3 mb/d (bei einer weltweiten Fördermenge von 96,3 mb/d). Im Jahresvergleich ist sie sogar um ca. 1 mb/d gesunken. In anderen Worten, das Verhältnis Reservekapazität / Fördermenge liegt mit 2% erheblich unter demselben Wert im Jahr 1986 (16,7%).

Der Konzern stellt sich jedenfalls auch für 2016 auf sehr herausfordernde Marktverhältnisse ein. Der Abschwung, der der Oilfield Service-Industrie im Jahr 2015 zugesetzt hat, ist noch nicht beendet. Die entscheidende Frage wird sein, wie lange die Überversorgung des Ölmarktes noch anhält. Sobald die Balance wieder hergestellt ist, sollte der Aufschwung beginnen, für den SBO gut gerüstet ist.

Die IEA erwartet, dass die Produktion in den Nicht-OPEC-Staaten von 57,7 mb/d im Jahr 2015 um 0,6 mb/d auf 57,1 mb/d im Jahr 2016 zurückgehen wird.<sup>12</sup> Russland wird seine Produktion mit knapp über 11 mb/d voraussichtlich auf dem Niveau von 2015 halten. In den USA ist aufgrund des massiven Rückgangs des Rig-Counts bereits im vierten Quartal 2015 weniger Erdöl produziert worden, und auch für 2016 rechnet die IEA mit einem Rückgang. Es gibt in den USA jedoch eine Vielzahl von Bohrungen, die bereits abgeteuft aber noch nicht komplettiert worden sind (sog. DUCs). Es ist davon auszugehen, dass bei einem Anstieg des Ölpreises zunächst eher diese Bohrungen in Betrieb genommen werden, bevor neue Bohrungen durchgeführt werden.

Für die restlichen Nicht-OPEC-Staaten dürfte es schwierig werden, die Produktion nach den drastischen Kürzungen der E&P-Ausgaben rasch wieder hochzufahren. Für diese Länder – auf sie entfallen rund 30 % der weltweiten Erdölproduktion – rechnen manche Experten in 2016 mit einem Produktionsrückgang von 2,5 %.<sup>13</sup>

Von großer Bedeutung wird sein, wie lange die OPEC an ihrem Kurs festhalten wird, die Produktion auf deutlich über 30 mb/d zu halten und damit einer Erholung des Ölpreises entgegenzuwirken. Der aktuelle Kurs führt für die OPEC-Staaten zu enormen Einnahmeverlusten. Unklar ist, wie lange Saudi-Arabien und die ärmeren OPEC-Mitglieder sich dies leisten wollen und können.

Diese Konstellation aus sinkendem Angebot und steigender Nachfrage sollte zu einer nachhaltigen Erholung des Ölpreises führen und neue Investitionen auslösen. Das ist der Start des nächsten Aufschwungs. Wann das der Fall sein wird, ist heute nicht absehbar. Die Visibilität am Markt ist immer noch extrem gering. Eines hat die Vergangenheit in der Oilfield Service-Industrie aber gezeigt: Nach dem Abschwung kommt der Aufschwung. Und je tiefer und länger der Abschwung ist, desto steiler wird der nächste Aufschwung.

<sup>12</sup> International Energy Agency (IEA), Oil Market Report, Februar 2016.

<sup>13</sup> Guggenheim Securities, November 2015

Der Konzern ist aufgrund des hohen Cash Bestands, einer aktuellen Netto-Liquidität, einem positiven Free Cashflow und der hohen Eigenkapitalquote auch für eine längere Durststrecke gerüstet. Das Unternehmen wird die in 2015 umgesetzten Maßnahmen zum Gegensteuern in 2016 konsequent fortführen: So werden die Kosteneinsparungsprogramme intensiviert und die Kapazitäten entsprechend der Marktlage weiter angepasst. Die Standortoptimierung in den USA wird bis Mitte des Jahres abgeschlossen sein. Die Strategie, neue Märkte für die Produkte der SBO-Gruppe im Segment Oilfield Equipment zu erschließen, wird konsequent fortgesetzt. Zudem ist die SBO-Gruppe aufgrund ihrer kerngesunden Bilanz in der Lage, die Suche nach strategisch passenden Akquisitionszielen fortzuführen.

Die aktuelle Situation zeigt deutlich, wie rasch der Zyklus in der Öl- und Gasindustrie drehen kann. Während aktuell die volle Aufmerksamkeit dem Management des Abschwungs gilt, ist klar, dass die mittel- und langfristigen Wachstumsaussichten für die Oilfield Service-Industrie absolut intakt sind. Eine steigende Nachfrage nach Öl und Gas sowie sinkende Förderraten existierender Felder werden neue Investitionen erfordern und den nächsten Aufschwung einläuten. Der Konzern wird nach Umsetzung der laufenden Restrukturierungsmaßnahmen auf der Basis einer verbesserten Kosten- und Organisationsstruktur gut aufgestellt sein, um als Technologie- und Marktführer den nächsten Aufschwung optimal nutzen zu können.

### **Risikomanagement**

Die Schoeller-Bleckmann Oilfield Equipment Aktiengesellschaft fungiert als strategische Managementholding für ihre Tochtergesellschaften. Ein wesentliches Aufgabengebiet der Holding ist, sich mit den strategischen und operativen Risiken auseinander zu setzen und rechtzeitig Maßnahmen zur Optimierung dieser Risiken zu setzen. Ein konzernweites Reportingssystem unterstützt den Vorstand der SBO AG beim laufenden Monitoring des operativen Geschäftes und damit der Einschätzung operativer Risiken der Tochtergesellschaften. Die strategischen Risiken werden in Zusammenhang mit der jährlichen Erstellung der Mittelfristplanung zwischen dem Vorstand der SBO AG und den Geschäftsführern der Tochtergesellschaften erörtert und bewertet.

### **Finanzinstrumente**

Die Ausleihungen wurden nur an verbundene Unternehmungen gewährt und sind fix verzinst. Diese lauten auf USD und unterliegen daher Fremdwährungsschwankungen. Ebenso besteht der Großteil der sonstigen Forderungen aus langfristigen verzinslichen Forderungen in USD, GBP und CAD.

Die liquiden Mittel bestehen aus Guthaben bei österreichischen Banken mit marktkonformer Verzinsung.

Alle zum Bilanzstichtag bestehenden langfristigen Bankverbindlichkeiten werden fix verzinst und unterliegen daher keinem Zinsänderungsrisiko.

Zur langfristigen Finanzierung des Wachstums und zur Optimierung der Fremdkapitalkosten emittierte Schoeller-Bleckmann im Juni 2008 eine in zwei Tranchen geteilte Unternehmensanleihe im Volumen von MEUR 40.

Die beiden Teilschuldverschreibungen wurden planmäßig am 18. Juni 2013 bzw. am 18. Juni 2015 zum Nennbetrag von jeweils MEUR 20,0 zurückgezahlt.

Aufgrund der derzeitig verfügbaren liquiden Mittel bestehen aus heutiger Sicht keine Liquiditäts-Probleme.

### **3) Bericht über die Forschung und Entwicklung im SBO-Konzern**

Der Konzern hat seine Forschungs- und Entwicklungstätigkeiten seit vielen Jahren in den operativen Geschäftsbetrieb integriert. Dieses System gewährleistet eine markt- und kundennahe F&E-Tätigkeit. Zwei Beispiele für daraus resultierende Produktinnovationen:

Im Segment High Precision Components hat der Konzern 2015 ein neues technologisches Bearbeitungsverfahren entwickelt, das es erstmals ermöglicht, Hochpräzisionsbohrungen mit kleinen Durchmessern („abgelenktes Gunhole Drilling“) über längere Strecken abgelenkt in einem Collar durchzuführen. Dies schafft neue Möglichkeiten und mehr Effizienz bei der Konzeption und dem Design von hochkomplexen MWD/LWD-Komponenten.

Im Segment Oilfield Equipment hat die Tochtergesellschaft DSI den neuen „Fast Ball“ eingeführt, der bei den komplexesten Bohr- und Well Completion Aktivitäten zum Einsatz kommt. Der Fast Ball ermöglicht es, Spülungsverluste effizienter und rascher zu beheben. Durch sein um 80% höheres Gewicht, seine deutlich höhere Dichte und die um knapp 50% erhöhte Temperaturresistenz verringert der Fast Ball die Aktivierungszeit des „PBL Activation Tools“ signifikant.

### **4) Berichterstattung über wesentliche Merkmale des internen Kontrollsystems und des Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess**

Die Gesamtverantwortung für das Risikomanagement der SBO-Gruppe liegt beim Vorstand, während die unmittelbare Verantwortung bei den Geschäftsführern der operativen Einheiten liegt. Demzufolge besitzt das interne laufende Berichtswesen an die Konzernzentrale besonders hohe Bedeutung, um Risiken frühzeitig erkennen und Gegenmaßnahmen ergreifen zu können. Dies erfolgt durch eine zeitnahe monatliche Berichterstattung über die Geschäftsentwicklung und Gebarung von den operativen Einheiten an den Vorstand.

Für die Tochterunternehmen wurden vom Konzern weltweit einheitliche Standards für die Umsetzung und Dokumentation des gesamten internen Kontrollsystems und damit vor allem auch für den Rechnungslegungsprozess vorgegeben. Dadurch sollen jene Risiken vermieden werden, die zu einer unvollständigen oder fehlerhaften Finanzberichterstattung führen können.

Weiters werden die von den Tochtergesellschaften erstellten internen Berichte in der Konzernzentrale auf Plausibilität geprüft und mit Planungsrechnungen verglichen, um bei Abweichungen geeignete Maßnahmen setzen zu können. Hierzu werden von den Gesellschaften Jahresbudgets und Mittelfristplanungen angefordert, welche vom Vorstand genehmigt werden müssen.

Die Ordnungsmäßigkeit des Rechnungswesens bei den Tochtergesellschaften wird durch laufende Prüfungstätigkeiten des Konzerncontrollings überwacht. Auch im Zuge der internen Revision werden schwerpunktmäßige Prüfungen über das Rechnungswesen durchgeführt. Weiters werden alle Jahresabschlüsse durch internationale Prüfungsgesellschaften geprüft.

Im Zuge von regelmäßigen Sitzungen des Vorstandes mit den lokalen Geschäftsführungen werden die laufende Geschäftsentwicklung sowie absehbare Chancen und Risiken besprochen.

Für die Erstellung des Konzernabschlusses bestehen in Ergänzung zu den Internationalen Rechnungslegungsvorschriften konzerninterne Richtlinien, um eine einheitliche Darstellung bei den berichtenden Gesellschaften zu gewährleisten (Bewertungs- und Ausweisfragen).

Für die automationsunterstützte Aufstellung des Konzernabschlusses wird ein zertifiziertes Konsolidierungsprogramm verwendet, welches mit den notwendigen Prüf- und Konsolidierungsroutinen ausgestattet ist.

Die für den Konzern dargestellten Merkmale des internen Kontrollsystems und des Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess sind auch uneingeschränkt für die Holdinggesellschaft anwendbar. Für das Rechnungswesen der Holdinggesellschaft sind ebenfalls anerkannte Standardprogramme im Einsatz.



### **5) Angaben zu Kapital-, Anteils-, Stimm- und Kontrollrechten und damit verbundenen Verpflichtungen**

Das Grundkapital der Gesellschaft beträgt MEUR 16,0 und ist zerlegt in 16 Mio. Stück Nennbetragsaktien zum Nennbetrag von je EUR 1,00.

In der Hauptversammlung vom 23. April 2014 wurde der Vorstand für die Dauer von 30 Monaten ermächtigt, eigene Aktien der Gesellschaft bis zu maximal 10 % des Grundkapitals zu erwerben. In den Jahren 2015 sowie 2014 wurde von dieser Ermächtigung kein Gebrauch gemacht.

Zum Bilanzstichtag 2015 hält die Gesellschaft 18.000 Stück eigene Aktien (Vorjahr: 24.000 Stück). Dies entspricht einem Anteil von 0,11 % (Vorjahr: 0,15 %) am Grundkapital mit einem Anschaffungswert von TEUR 1.074 (Vorjahr TEUR 1.432). Die Anzahl der im Umlauf befindlichen Aktien beträgt somit 15.982.000 Stück (Vorjahr: 15.976.000 Stück).

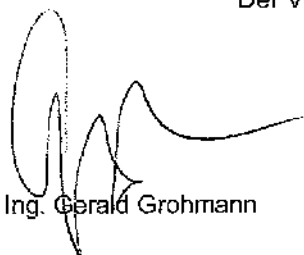
Zum 31. Dezember 2015 hält die Berndorf Industrieholding AG, Berndorf, rund 33,4 % vom Grundkapital (Vorjahr: rund 32,6 %).

Darüber hinaus bestehen keine weiteren angabepflichtigen Sachverhalte gemäß § 243a UGB.

Ternitz, 24. Februar 2016

SCHOELLER-BLECKMANN  
OILFIELD EQUIPMENT Aktiengesellschaft

Der Vorstand



Ing. Gerald Grohmann



Mag. Klaus Mader

#### 4. Bestätigungsvermerk

##### Tz 14 Bericht zum Jahresabschluss

Wir haben den beigefügten Jahresabschluss der SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft, Ternitz, für das Geschäftsjahr vom 1. Jänner 2015 bis zum 31. Dezember 2015 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 31. Dezember 2015, die Gewinn- und Verlustrechnung für das am 31. Dezember 2015 endende Geschäftsjahr sowie den Anhang.

##### *Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung*

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung des Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

*Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung*

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.



### *Prüfungsurteil*

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der SCHOELLER-BLECKMANN OILFIELD EQUIPMENT Aktiengesellschaft zum 31. Dezember 2015 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner 2015 bis zum 31. Dezember 2015 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.


### **Aussagen zum Lagebericht**

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, am 24. Februar 2016

**Deloitte Schwarz & Schmid Wirtschaftsprüfungs GmbH**

  
Dr. Christoph Waldeck  
Wirtschaftsprüfer

  
ppa. Mag. Christof Wolf  
Wirtschaftsprüfer

Die Veröffentlichung oder Weitergabe des Jahresabschlusses mit unserem Bestätigungsvermerk darf nur in der von uns bestätigten Fassung erfolgen. Dieser Bestätigungsvermerk bezieht sich ausschließlich auf den deutschsprachigen und vollständigen Jahresabschluss samt Lagebericht. Für abweichende Fassungen sind die Vorschriften des § 281 Abs 2 UGB zu beachten.

### Erklärung aller gesetzlichen Vertreter gemäß § 82 Abs. 4 Z 3 Börsegesetz

Wir bestätigen nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Konzernabschluss ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt, dass der Konzernlagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Konzerns so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns entsteht, und dass der Konzernlagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen der Konzern ausgesetzt ist.

Wir bestätigen nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Jahresabschluss des Mutterunternehmens ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens vermittelt, dass der Lagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Unternehmens so darstellt, dass ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage entsteht, und dass der Lagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen das Unternehmen ausgesetzt ist.

Ternitz, 3. März 2016



Ing. Gerald Grohmann  
Vorstand



Mag. Klaus Mader

