SCHOELLER BLECKMANN OILFIELD EQUIPMENT

LETTER TO OUR SHAREHOLDERS 1-3 2018

HIGHLIGHTS

- International market environment shows first signs of recovery
- SBO records rising bookings in international business
- North America remains driver of growth, SBO benefits from top positioning

MANAGEMENT REPORT

MARKET ENVIRONMENT

The market environment of the oilfield service industry was stable in the first quarter of 2018. North America remained the focus of further development, while international markets showed first signs of recovery. In the wake of lower production in OPEC countries and rising oil prices new projects were taken up also outside the American mainland.

"International market environment improving"

In the first quarter of 2018, demand and production in the global crude oil market were in balance. Year-on-year, demand rose by 1.9 million barrels per day (mb/d) to 98.1 mb/d (Q1 2017: 96.2 mb/d). Throughout full 2017, demand had gone up by 1.5 mb/d.

Global production arrived at 98.1 mb/d, leading to a balance with demand. Apart from production cuts in Venezuela due to financial difficulties, OPEC's total crude oil output in the first quarter of 2018 dropped to 32.0 mb/d, which is below the production level in year 2017 of 32.3 mb/d (crude oil without natural gas liquids / NGLs). The average compliance rate of OPEC members with the production limit of 32.5 mb/d (crude oil without natural gas liquids / NGLs) agreed until year-end 2018 was 165 % in March 2018, with Saudi Arabia delivering a significant contribution of 128 %. Compared to the fourth quarter of 2017, non-OPEC output rose only slightly by 0.2 mb/d to 59.2 mb/d. In the United States, output went up to 14.3 mb/d in the first quarter of 2018 (Q4 2017: 14.0 mb/d). Year-on-year, production in the global crude oil market rose from 96.6 mb/d to 98.1 mb/d in the first quarter of 2018.

OECD crude oil inventories contracted further in the first quarter of 2018, coming to 1,096 million barrels (mb) at the end of the quarter. Their highest level of 1,245 mb had been reached in March 2017.[1]

The prices of WTI and Brent crudes continued to increase in the first quarter of 2018. WTI started the year 2018 at a price of USD 60.42, and Brent at a price of USD 66.87. At the end of the quarter, WTI traded at USD 64.94, and Brent at USD 70.27. Year-on-year, the price of WTI rose by 28.3 % (31 March 2017:

[1] International Energy Agency (IEA), Oil Market Report, May 2018

USD 50.60), and the price of Brent by 33.0 % (31 March 2017: USD 52.83).[2]

The number of globally active drilling rigs (rig count) continued to go up in the first quarter. In March 2018, the rig count stood at 2,179 rigs, up 9.8 % or 194 rigs from last year (March 2017: 1,985 rigs). Compared to December 2017, the rig count rose by 4.3 % or 90 rigs (December 2017: 2,089 rigs). The increase recorded in the first quarter of 2018 was again due mainly to the development in the United States, where the rig count arrived at 989 rigs in March 2018, up 25.3 % or 200 rigs from last year's reading (March 2017: 789 rigs). Versus December 2017, this was an increase of 6.3 % (December 2017: 930 rigs). Internationally, the rig count went up only to a minor extent. In Canada, the spring break-up resulted in a seasonal reduction of the rig count in March 2018.[3]

BUSINESS DEVELOPMENT

Schoeller-Bleckmann Oilfield Equipment AG (SBO) continued its positive development during 2017 throughout the first three months of 2018 and exploited its strong positioning in the oilfield service industry. The stable North American market had a positive effect on the company's business. Signs of recovery observed in the international market were reflected in the number of bookings which picked up strongly over the first quarter of the previous year.

"Bookings up 73 % year-on-year"

SBO's sales climbed by 56.6 % to MEUR 94.2, following MEUR 60.1 in the same period of last year. Bookings went up even higher, arriving at MEUR 121.2 in the first quarter of 2018, up 73.4 % from the first quarter of 2017 (1-3/2017: MEUR 69.9). The book-to-bill ratio, which measures the number of orders coming in compared to sales and serves as an indicator of medium-term development, was greater than 1. The order backlog doubled, standing at MEUR 61.8 at the end of the first quarter of 2018 (31 March 2017: MEUR 30.5).

Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose substantially from MEUR 7.2

[2] Bloomberg: CO1 Brent Crude (ICE) and CL1 WTI Crude (Nymex)
[3] Baker Hughes Rig Count

in the first quarter of 2017 to MEUR 25.2 in the first quarter of 2018. The operating result (EBIT) turned clearly positive versus the same period of last year, arriving at MEUR 13.6 (1-3/2017: MEUR minus 5.8). The EBITDA margin stood at 26.8 % (1-3/2017: 12.0 %), which is above the long-term average of 24.1 %, and the EBIT margin came to 14.4 % (1-3/2017: minus 9.6 %).

The financial result amounted to MEUR minus 8.0 (1-3/2017: MEUR minus 0.5), including MEUR minus 7.1 for dividend payments to minority shareholders. Profit before tax was MEUR 5.5 (1-3/2017: MEUR minus 6.3), profit after tax was MEUR 3.7 (1-3/2017: MEUR minus 4.9), taking account of the positive effect from the tax reform initiated in the United States in 2017. Earnings per share came to EUR 0.23 (1-3/2017: EUR minus 0.31).

SBO‘s balance sheet remains sound: At the end of the first quarter of 2018, the company‘s equity ratio stood at 42.6 % (31 March 2017: 52.6 %), and the net debt at MEUR 59.5 (31 March 2017: MEUR 54.9). Liquid funds at the end of the first quarter amounted to MEUR 157.9 (31 March 2017: MEUR 188.8). The operating cashflow came to MEUR 7.8 (1-3/2017: MEUR 2.1), free cashflow to MEUR 1.9 (1-3/2017: MEUR minus 2.6). Spending for property, plant and equipment and for intangible assets (CAPEX) rose to MEUR 6.7 (1-3/2017: MEUR 5.8). Purchase commitments for expenditure in property, plant and equipment were MEUR 1.4 (31 March 2017: MEUR 1.3).

After the end of the first quarter of 2018, SBO exercised its option to acquire the remaining 33 % of shares in its Canadian subsidiary Resource Well Completion Technologies (“Resource“), making the SBO group the sole owner of the company.

DEVELOPMENT OF THE SEGMENTS

SBO‘s business operations are subdivided into two reportable segments - “Advanced Manufacturing & Services“ (AMS) and “Oilfield Equipment“ (OE):

- The “Advanced Manufacturing & Services“ segment comprises high-precision machining and repair of drill collars and complex MWD (Measurement While Drilling) / LWD (Logging While Drilling) components made of non-magnetic corrosion-resistant stainless steel, which form the housing for sensitive measuring instruments used for the precise measurement of inclination and azimuth of the drillstring as well as petrophysical parameters.

- The “Oilfield Equipment“ segment comprises a wide range of highly specialized solutions for the oil and gas industry: High-performance drilling motors and tools for directional drillstring drive as well as downhole circulation tools. The segment also offers products for efficient and resource-conscious completion of unconventional reservoirs in the two dominating technologies “sliding sleeve“ and “plug-n-perf“.

The traditionally late-cycle AMS segment picked up in the first three months of 2018, in line with international market development. This is evidenced by the rising number of bookings in this segment, which, however, usually contribute to revenues only a few quarters later. Segment sales in the first quarter of 2018 were MEUR 33.4 (1-3/2017: MEUR 19.3). The operating result in the segment (EBIT) arrived at MEUR 1.0 (1-3/2017: MEUR minus 7.1).

In the Oilfield Equipment segment, SBO benefited from the sustained strong market environment in North America. Sales generated in the segment were MEUR 60.8 (1-3/2017: MEUR 40.8), and the operating result (EBIT) came to MEUR 13.4 (1-3/2017: MEUR 2.9).

RISK REPORT

The business risks of SBO did not change substantially in the first quarter of 2018 over the risks described in the 2017 annual financial statements. The entire oilfield service industry continues to be confronted with curtailed capital expenditure due to the crisis in the sector. Regardless of the corrective measures described in the previous quarterly reports and already implemented, this has a significant influence on the assets and financial position of SBO. Additionally, we refer to all risks described in the Annual Report 2017. We recommend to read this report on the first quarter of 2018 in conjunction with the risk report contained in the Annual Report 2017.

SBO SHARE

The share of SBO started into 2018 at a price of EUR 85.00 on 2 January 2018 and closed at EUR 89.35 on 29 March 2018. The share reached its quarterly high of EUR 98.00 on 23 January 2018, exceeding its all-time high of EUR 96.57 of 2 May 2014, and its quarterly low of EUR 77.45 on 13 February 2018. All in all, SBO's share price went up by 5.1 % in the first quarter. This is in line with the positive price development of crude oils WTI (+ 7.5 %) und Brent (+ 5.1 %).

OUTLOOK

"Rising oil prices support positive outlook"

Driven by the upswing in Europe and Asia and the tax reform in the United States, the International Monetary Fund (IMF) expects the global economy to pick up further. According to the IMF's current forecast, global economic growth should arrive at 3.9 % in the years 2018 and 2019, following 3.8 % in 2017 and 3.2 % in 2016. This is the strongest increase observed since the year 2010. In the industrialized nations, the economy is projected to grow by 2.5 % in 2018, and by 2.2 % in 2019, following 2.3 % in 2017 and 1.7 % in 2016. In the emerging and developing countries, according to the IMF, economic growth will come to 4.9 % in 2018 and 5.1 % in 2019, following 4.8 % in 2017 and 4.4 %

in 2016. The biggest risks include the level of public debt that is growing almost everywhere in the world and potential effects of political and economic sanctions.[4]

The International Energy Agency (IEA) estimates that oil demand will go up further in 2018, by 1.5 mb/d to 99.2 mb/d. While in OECD countries average demand for oil should go up slightly from 47.4 mb/d in 2017 to 47.6 mb/d in 2018, the IEA anticipates a stronger rise for non-OECD countries, by 1.1 mb/d to 51.5 mb/d in 2018. At the same time, crude oil production is expected to increase by 1.8 mb/d to 60.0 mb/d in non-OPEC countries. In view of OPEC‘s production ceiling, this should keep the crude oil market in balance also in 2018.[5]

According to leading analysts and investment brokers, global spending for exploration and production (E&P spending) should go up by 7 % in 2018. For the first time in four years, international markets should return to a path of growth estimated at 4 %. In North America E&P spending should go up by 14 %.[6] Therefore, expectations are that North America will remain the leading driver of growth and international markets will recover gradually.

Following insufficient spending in previous years, the oil and gas industry is confronted with the challenge to meet steadily rising demand for oil and gas on a sustainable level. On the back of the attractive oil price environment, this should support the launch of new exploration and production (E&P) projects. All in all, a reversal of the trend appears to have set in.

SBO has prepared thoroughly for the upswing and, with its innovative products and international footprint, is ready to respond to new business opportunities. The development of new markets is based on ongoing preparatory processes such as broadening the company‘s manufacturing portfolio at the Vietnam site and realigning operations in Saudi Arabia. With its strategic orientation and ongoing research & development (R&D) activities, SBO is in a strong position to participate fully in the upswing as technology and market leader.

[4] IMF World Economic Outlook (WEO), April 2018
[5] International Energy Agency (IEA), Oil Market Report, May 2018
[6] Evercore ISI Research, Evercore ISI Global E&P Spending Outlook: A Pivotal Year For E&P Capital Deployment, December 2017; alike: Barclays, Global 2018 E&P Spending Outlook, December 2017

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

ASSETS

in TEUR	31.03.2018	31.12.2017
Current assets		
Cash and cash equivalents	157,883	165,982
Trade receivables	96,239	89,801
Other receivables and other assets	5,797	5,706
Assets held for sale	578	594
Inventories	104,032	97,086
Total current assets	**364,529**	**359,169**
Non-current assets		
Property, plant and equipment	140,189	145,172
Goodwill	151,713	156,293
Other intangible assets	45,217	49,532
Long-term receivables and assets	10,698	10,938
Deferred tax assets	28,860	29,137
Total non-current assets	**376,677**	**391,072**
TOTAL ASSETS	**741,206**	**750,241**

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY

in TEUR	31.03.2018	31.12.2017
Current liabilities		
Liabilities to banks	32,703	31,880
Current portion of long-term loans	69,478	69,478
Finance lease liabilities	34	35
Trade payables	17,928	16,611
Government grants	57	57
Income tax payable	3,852	2,056
Other liabilities	28,122	30,113
Other provisions	5,109	5,151
Total current liabilities	**157,283**	**155,381**
Non-current liabilities		
Long-term loans	115,212	115,338
Finance lease liabilities	34	44
Provisions for employee benefits	5,322	5,262
Other liabilities	145,913	149,891
Deferred tax liabilities	1,735	2,314
Total non-current liabilities	**268,216**	**272,849**
Equity		
Share capital	15,959	15,953
Capital reserve	67,492	67,248
Legal reserve	785	785
Other reserves	19	19
Currency translation reserve	903	11,193
Retained earnings	230,549	226,813
Total equity	**315,707**	**322,011**
TOTAL LIABILITIES AND EQUITY	**741,206**	**750,241**

CONSOLIDATED PROFIT AND LOSS STATEMENT

in TEUR	3 MONTHS PERIOD ENDED	31.03.2018	31.03.2017
Sales		**94,184**	**60,133**
Cost of goods sold		-62,394	-49,072
Gross profit		**31,790**	**11,061**
Selling expenses		-5,677	-6,513
General and administrative expenses		-9,615	-8,444
Other operating expenses		-5,821	-3,261
Other operating income		2,881	1,396
Profit from operations		**13,558**	**-5,761**
Interest income		551	690
Interest expenses		-2,640	-2,062
Other financial expenses		-7,087	0
Gains / losses from remeasurement of option liabilities		1,143	851
Financial result		**-8,033**	**-521**
Profit / loss before tax		**5,525**	**-6,282**
Income taxes		-1,789	1,382
Profit / loss after tax		**3,736**	**-4,900**
Average number of shares outstanding		15,953,603	15,947,460
EARNINGS PER SHARE IN EUR (BASIC = DILUTED)		**0.23**	**-0.31**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	3 MONTHS PERIOD ENDED 31.03.2018	31.03.2017
Profit / loss after tax	**3,736**	**-4,900**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Foreign exchange adjustment - subsidiaries	-9,457	-5,081
Foreign exchange adjustment - other items	-1,110	-540
Income tax effect	277	135
Other comprehensive income, net of tax	**-10,290**	**-5,486**
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**-6,554**	**-10,386**

CONSOLIDATED CASHFLOW STATEMENT

in TEUR	3 MONTHS PERIOD ENDED	31.03.2018	31.03.2017
OPERATING ACTIVITIES			
Profit / loss after tax		3,736	-4,900
Adjustment for dividends paid relating to put/call-options		7,087	0
Depreciation, amortization and impairments		11,637	12,964
Other non-cash expenses and revenues		1,598	-1,311
Cashflow from profit		**24,058**	**6,753**
Change in working capital		-16,274	-4,618
Cashflow from operating activities		**7,784**	**2,135**
INVESTING ACTIVITIES			
Expenditures for property, plant and equipment and intangible assets		-6,716	-5,801
Other activities		844	1,039
Cashflow from investing activities		**-5,872**	**-4,762**
FREE CASHFLOW		**1,912**	**-2,627**
FINANCING ACTIVITIES			
Dividends paid relating to put/call-options		-7,087	0
Change in bank loans and overdrafts and finance leases		474	-920
Cashflow from financing activities		**-6,613**	**-920**
Change in cash and cash equivalents		**-4,701**	**-3,547**
Cash and cash equivalents at the beginning of the period		165,982	193,453
Effects of exchange rate changes on cash and cash equivalents		-3,398	-1,123
Cash and cash equivalents at the end of the period		**157,883**	**188,783**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2018

in TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
1 January 2018	15,953	67,248	785	19	11,193	226,813	**322,011**
Profit / loss after tax						3,736	**3,736**
Other comprehensive income, net of tax					-10,290		**-10,290**
Total comprehensive income, net of tax	0	0	0	0	-10,290	3,736	**-6,554**
Share-based payment	6	244					**250**
31 March 2018	15,959	67,492	785	19	903	230,549	**315,707**

2017

in TEUR	SHARE CAPITAL	CAPITAL RESERVE	LEGAL RESERVE	OTHER RESERVES	CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
1 January 2017	15,947	66,812	785	19	61,109	281,061	**425,733**
Profit / loss after tax						-4,900	**-4,900**
Other comprehensive income, net of tax					-5,486		**-5,486**
Total comprehensive income, net of tax	0	0	0	0	-5,486	-4,900	**-10,386**
Share-based payment	6	105					**111**
31 March 2017	15,953	66,917	785	19	55,623	276,161	**415,458**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

BASIS OF PREPARATION

The interim report as at 31 March 2018 has been prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), rules for interim financial reporting (IAS 34), to be applied in the European Union.

This report on the first quarter of 2018 of the SBO group has neither been audited nor reviewed by independent accountants.

NOTE 2

ACCOUNTING POLICIES

In the reporting period 2018 the newly adopted standards IFRS 9 and IFRS 15 as well as other IFRS standards which became effective in 2018 were applied by SBO for the first time. These new regulations do not have a material effect on the consolidated financial statements. Apart from the standards which came into force in 2018 the accounting and valuation methods of 31 December 2017 have been applied basically unchanged. In this context, we refer to the consolidated financial statements for the year ended 31 December 2017.

NOTE 3

SCOPE OF CONSOLIDATION

During the first three months of 2018 no changes occurred in the scope of consolidation.

NOTE 4

SEASONALITY

Business development of SBO is not subject to significant seasonal influences.

NOTE 5

SEGMENT INFORMATION

Based on product groups and services offered and existing customer groups, respectively, SBO's business operations are subdivided into two reportable segments - "Advanced Manufacturing & Services" (AMS) and "Oilfield Equipment" (OE).

The "Advanced Manufacturing & Services" (AMS) segment comprises high-precision machining and repair of drill collars and complex MWD (Measurement While Drilling) / LWD (Logging While Drilling) components made of non-magnetic corrosion-resistant stainless steel, which form the housing for sensitive measuring instruments used for the precise measurement of inclination and azimuth of the drillstring as well as petrophysical parameters.

The "Oilfield Equipment" (OE) segment comprises a wide range of highly specialized solutions for the oil and gas industry: High-performance drilling motors and tools for directional drillstring drive in addition to downhole circulation tools as well as products for efficient and resource-conscious completion of unconventional reservoirs in the two dominating technologies "sliding sleeve" and "plug-n-perf".

Internal management of the group as well as the allocation of resources is based on the financial performance of these segments.

Results in the total column correspond to those in the profit and loss statement.

1-3/2018

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	33,419	60,765	0	94,184
Intercompany sales	15,824	3,000	-18,824	0
Total sales	49,243	63,765	-18,824	94,184
Profit from operations	986	13,363	-791	13,558
Profit / loss before tax	1,225	6,041	-1,741	5,525

1-3/2017

in TEUR	ADVANCED MANUFACTURING & SERVICES	OILFIELD EQUIPMENT	SBO-HOLDING & CONSOLIDATION	GROUP
External sales	19,300	40,833	0	60,133
Intercompany sales	6,650	3,548	-10,198	0
Total sales	25,950	44,381	-10,198	60,133
Profit from operations	-7,079	2,885	-1,567	-5,761
Profit / loss before tax	-6,924	2,964	-2,322	-6,282

Sales break down as follows:

in TEUR	ADVANCED MANUFACTURING & SERVICES		OILFIELD EQUIPMENT	
	1-3/2018	1-3/2017	1-3/2018	1-3/2017
Product sales	29,128	15,697	35,552	21,523
Services and repairs	2,991	2,192	3,621	2,039
Operating lease revenue	1,300	1,411	21,592	17,271
Total	**33,419**	**19,300**	**60,765**	**40,833**

Operating lease revenues are recognized over time, virtually all other sales revenues at a point in time.

NOTE 6

TANGIBLE AND INTANGIBLE FIXED ASSETS

Information on capital expenditures for tangible and intangible fixed assets as well as purchase commitments for expenditure in property, plant and equipment is included in the management report.

NOTE 7

TREASURY SHARES

During the reporting period the company transferred 6,000 SBO shares based on the share based payment program introduced in 2014.

NOTE 8

RELATED PARTY TRANSACTIONS

With respect to business transactions with related parties there were no substantial changes compared to 31 December 2017. All transactions with related parties are carried out at generally acceptable market conditions. For further information on individual business relations please refer to the consolidated financial statements of SBO AG for the year ended 31 December 2017.

NOTE 9

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.

As at balance sheet date, the Group held the following classes of financial instruments measured at fair value:

in TEUR	BALANCE SHEET ITEM	31.03.2018	LEVEL 2	LEVEL 3
Assets				
Derivatives	Other receivables and other assets	68	68	0
Liabilities				
Derivatives	Other liabilities	-133,791	-57	-133,734

in TEUR	BALANCE SHEET ITEM	31.12.2017	LEVEL 2	LEVEL 3
Assets				
Derivatives	Other receivables and other assets	173	173	0
Liabilities				
Derivatives	Other liabilities	-137,311	0	-137,311

During the reporting period 2018 there were no transfers between the levels of fair value measurements. In general, if required, transfers are carried out at the end of each reporting period.

Derivatives shown under level 3 almost exclusively consist of option commitments relating to cancelable non-controlling interests to purchase the offered shares from the minority shareholders. The development of liabilities for option commitments in the reporting period 2018 was as follows:

in TEUR	BUSINESS COMBINATION DOWNHOLE TECHNOLOGY	OTHER BUSINESS COMBINATIONS
1 January 2018	-131,515	-5,773
Addition of accrued interest	-1,033	-129
Gains from revaluation	1,134	9
Currency adjustment	3,501	95
31 March 2018	**-127,913**	**-5,798**

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 sales forecast. The liabilities are discounted using a risk adequate discount rate for the duration of each liability.

The exercise price of the option commitments relating to cancelable non-controlling interests is based on the achieved financial results of the acquired entities. Gains from revaluation refer to unrealized gains and are reported in the income statement within “income/expense from revaluation of option commitments”.

The sensitivity analysis for significant, non-observable input factors relating to option liabilities is as follows:

in TEUR	ASSUMPTION	CHANGE IN ASSUMPTION	IF ASSUMPTION INCREASES, LIABILITY CHANGES BY	IF ASSUMPTION DECREASES, LIABILITY CHANGES BY
	Net results	+/-10 %	+23,866	-21,346
	Interest rate 15.0 % resp. 1.6 % resp. 3.2 %	+/-2.5 resp. +/-1 resp. +/-1 percentage points	-1,258	+779

The foreign currency forward contracts are measured based on observable spot exchange rates.

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

		31.03.2018		31.12.2017	
in TEUR	**LEVEL**	**CARRYING AMOUNT**	**FAIR VALUE**	**CARRYING AMOUNT**	**FAIR VALUE**
Liabilities					
Borrowings from banks, finance lease obligations and other loans	2	-217,461	-220,116	-216,775	-219,624

For assessing the fair value of long-term loans and leasing obligations with a fixed interest rate, the expected cashflows have been discounted using market interest rates. Regarding lendings, bank and other long-term loans with variable interest, the interest rates charged are current market rates, resulting in the fact that the carrying amounts 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 amounts equal the fair values at the balance sheet date.

NOTE 10

EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date SBO group exercised the option on the acquisition of the remaining 33 % of shares in Resource Well Completion Technologies Inc. Due to the existing option commitment already in the past 100 % of the shares were recognized from a group perspective. The purchase price amounting to CAD 4.0 mill was fully provided for in the option liabilities as of 31 December 2017. Therefore, apart from the payment of the purchase price, this transaction does not have any further effects on the group financial statements of SBO in 2018. No other important events have occurred after the balance sheet date.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report for the first quarter gives a true and fair view of important events that have occurred during the first three months of the financial year and their impact on the interim financial statements, and of the principal risks and uncertainties for the remaining nine months of the financial year and of the major related party transactions to be disclosed.

Ternitz, 22 May 2018

Gerald Grohmann **Klaus Mader**

Executive Board

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