

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter ended:
June 30, 1996

Commission file No.:
1-4601

SCHLUMBERGER N.V.
(SCHLUMBERGER LIMITED)

(Exact name of registrant as specified in its charter)

NETHERLANDS ANTILLES

52-0684746

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

277 PARK AVENUE
NEW YORK, NEW YORK, U.S.A.

10172

42 RUE SAINT-DOMINIQUE
PARIS, FRANCE

75007

LAAN VAN MEERDERVOORT 55
THE HAGUE,
THE NETHERLANDS

2517 AG

(Addresses of principal executive
offices)

(Zip Codes)

Registrant's telephone number: (212) 350-9400

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES

NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at July 31, 1996

COMMON STOCK, \$0.01 PAR VALUE

244,966,036

PART I. FINANCIAL INFORMATION

Item 1 : Financial Statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

	Periods Ended June 30,			
	Second Quarter		Six Months	
	1996	1995	1996	1995
	(Dollars in thousands)			
REVENUE:				
Operating	\$2,150,790	\$1,877,081	\$4,178,618	\$3,639,378
Interest and other income	16,067	22,181	33,437	46,059
	<u>2,166,857</u>	<u>1,899,262</u>	<u>4,212,055</u>	<u>3,685,437</u>
EXPENSES:				
Cost of goods sold and services	1,631,997	1,417,745	3,181,600	2,754,207
Research & engineering	114,740	104,947	225,539	208,232
Marketing	75,334	69,428	148,524	135,351
General	88,683	88,487	173,942	174,089
Interest	18,120	21,472	35,463	41,998
Taxes on income	41,265	30,329	79,402	57,897
	<u>1,970,139</u>	<u>1,732,408</u>	<u>3,844,470</u>	<u>3,371,774</u>
Net Income	<u>\$ 196,718</u>	<u>\$ 166,854</u>	<u>\$ 367,585</u>	<u>\$ 313,663</u>
Net Income Per Share	<u>\$ 0.80</u>	<u>\$ 0.69</u>	<u>\$ 1.50</u>	<u>\$ 1.30</u>
Avg. shares outstanding (thousands)	<u>244,670</u>	<u>241,887</u>	<u>244,014</u>	<u>241,970</u>
Dividends declared per share	<u>\$ 0.375</u>	<u>\$ 0.375</u>	<u>\$ 0.750</u>	<u>\$ 0.675</u>

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

(Unaudited)

	Jun. 30, 1996	Dec. 31, 1995
	(Dollars in thousands)	
ASSETS		

CURRENT ASSETS:		
Cash and short-term investments	\$ 1,157,535	\$ 1,120,533
Receivables less allowance for doubtful accounts (1996 - \$46,586; 1995 - \$58,246)	2,100,669	1,939,873
Inventories	914,117	782,168
Other current assets	207,139	181,129
	-----	-----
	4,379,460	4,023,703
LONG-TERM INVESTMENTS, HELD TO MATURITY	207,885	279,950
FIXED ASSETS:		
Property, plant and equipment	9,315,445	9,108,107
Less accumulated depreciation	(6,157,159)	(5,989,649)
	-----	-----
	3,158,286	3,118,458
EXCESS OF INVESTMENT OVER NET ASSETS OF COMPANIES PURCHASED, less amortization	1,294,555	1,330,490
OTHER ASSETS	166,950	157,499
	-----	-----
	\$ 9,207,136	\$ 8,910,100
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,790,105	\$ 1,773,605
Estimated liability for taxes on income	273,384	299,841
Bank loans	595,043	515,703
Dividend payable	92,238	91,706
Long-term debt due within one year	88,829	83,417
	-----	-----
	2,839,599	2,764,272
LONG-TERM DEBT	577,051	613,404
POSTRETIREMENT BENEFITS	370,740	354,830
OTHER LIABILITIES	187,822	213,577
	-----	-----
	3,975,212	3,946,083
	-----	-----
STOCKHOLDERS' EQUITY:		
Common stock	763,120	737,328
Income retained for use in the business	6,838,462	6,654,072
Treasury stock at cost	(2,348,706)	(2,414,577)
Translation adjustment	(20,952)	(12,806)
	-----	-----
	5,231,924	4,964,017
	-----	-----
	\$ 9,207,136	\$ 8,910,100
	=====	=====

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated in the Netherlands Antilles)
and Subsidiary Companies

CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Six Months Ended June 30,	
	1996	1995
	-----	-----
Cash flows from operating activities:		
Net income	\$ 367,585	\$ 313,663
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	436,682	402,643
Earnings of companies carried at equity, less dividends received (Dividends: 1996 - \$133 ; 1995 - \$0)	2,743	(5,240)
Provision for losses on accounts receivable	7,922	3,859
Other adjustments	(1,298)	(1,622)
Change in operating assets and liabilities:		
(Increase) decrease in receivables	(185,987)	18,396
Increase in inventories	(145,519)	(73,060)
Increase (decrease) in accounts payable and accrued liabilities	13,411	(64,696)
(Decrease) increase in estimated liability for taxes on income	(25,208)	5,882
Other - net	(47,353)	(40,863)
	-----	-----
Net cash provided by operating activities	422,978	558,962
	-----	-----
Cash flows from investing activities:		
Purchases of fixed assets	(499,484)	(447,158)
Sales/retirements of fixed assets	39,629	30,708
Decrease in investments	45,903	8,207
Payment for purchase of businesses	(6,050)	(55,749)
(Increase) decrease in other assets	(207)	11,648
	-----	-----
Net cash used in investing activities	(420,209)	(452,344)
	-----	-----
Cash flows from financing activities:		
Dividends paid	(182,519)	(145,437)
Proceeds from exercise of stock options	92,122	10,493
Proceeds from employee stock purchase plan	25,193	23,500
Purchase of treasury shares	-	(37,400)
Proceeds from issuance of long-term debt	40,978	122,580
Payments of principal on long-term debt	(52,152)	(113,642)
Net increase in short-term debt	85,738	32,116
	-----	-----
Net cash provided by (used in) financing activities	9,360	(107,790)
	-----	-----
Net increase (decrease) in cash	12,129	(1,172)
Cash, beginning of period	72,515	57,671
	-----	-----
Cash, end of period	\$ 84,644	\$ 56,499
	=====	=====

See notes to consolidated financial statements

SCHLUMBERGER LIMITED

(Schlumberger N.V., Incorporated In The Netherlands Antilles)
and Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

In the opinion of management, all adjustments necessary to present fairly the financial position and the results of operations have been made in the accompanying interim financial statements. The Company's significant accounting policies are summarized in its 1995 Annual Report. These policies have been consistently applied during the interim period presented in this report. The results of operations for the three and six month periods ended June 30, 1996 are not necessarily indicative of the results of operations that may be expected for the entire year.

INCOME TAX EXPENSE

The Company and its subsidiaries operate in over 100 taxing jurisdictions.

The Company's US consolidated group has a net operating loss carryforward of \$470 million and net deductible temporary differences of \$650 million at June 30, 1996. Significant temporary differences pertain to postretirement medical benefits, fixed assets and environmental remediation projects. Most of the carryforward will expire in the years 2002-2003.

No deferred tax asset related to the carryforwards has been recorded as of June 30, 1996. The Company believed that a full valuation allowance remained appropriate.

The effect of the US operating loss carryforward is a significant reconciling item between the US statutory federal tax rate (35%) and the Company's effective tax rate. The operating loss carryforward had the effect of reducing income tax expense by \$20 million (\$0.08 per share) and \$13 million (\$0.06 per share), respectively, in the three month periods ended June 30, 1996 and 1995. Excluding the effect of the loss carryforward, the Company's effective tax rates would have been about 26% and 22% in the three month periods ended June 30, 1996 and 1995, respectively.

CONTINGENCIES

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The Company and its subsidiaries comply with government laws and regulations and responsible management practices for the protection of the environment. The Consolidated Balance Sheet includes accruals for the estimated future costs associated with certain environmental remediation activities related to the past use or disposal of hazardous materials. Substantially all such costs relate to divested operations and to facilities or locations that are no longer in operation. Due to a number of uncertainties, including uncertainty of timing, the scope of remediation, future technology, regulatory changes and other factors, it is possible that the ultimate remediation costs may exceed the amounts accrued. However, in the opinion of management, such additional costs are not expected to be material relative to consolidated liquidity, financial position or future results of operations.

In a case in Texas involving the validity of a 1988 settlement and release in connection with an incidental business venture, the trial court, in 1993, rendered a judgment notwithstanding the verdict of the jury, exonerating Schlumberger from any liability. In late 1994, a Texas Court of Appeals reversed the trial court judgment and reinstated the jury award of about \$75 million against Schlumberger. The Texas Supreme Court granted the Schlumberger motion to hear the case. Oral argument was held before the Texas Supreme Court on October 11, 1995. Schlumberger and outside counsel believe the decision of the trial court was correct. Consequently, no provision has been made in the consolidated financial statements for this matter.

In May 1996, in a case involving a \$3 million contract dispute, the trial court in Johnson County, Texas, entered judgment on jury findings adverse to Schlumberger for \$23 million in damages, which has been doubled, plus attorney's fees and interest. The Company and its outside counsel believe the findings and the judgment are not supported by the evidence and law, and will appeal. Accordingly, no provision has been made in the accompanying financial statement for this matter.

In addition, the Company and its subsidiaries are party to various other legal proceedings. Although the ultimate disposition of these proceedings is not presently determinable, in the opinion of the Company any liability that might ensue would not be material in relation to the consolidated financial statements.

Item 2: Management's Discussion and Analysis of Financial Condition and Results

of Operations.

Second Quarter 1996 Compared to Second Quarter 1995

Second quarter net income of \$197 million and earnings per share of \$0.80 were 18% and 16% higher, respectively, than the same period last year.

Operating revenue of \$2.15 billion was 15% above second quarter 1995.

Oilfield Services posted a 22% increase in revenue as rig count worldwide rose 7%. All product lines contributed significantly to this quarter's results, including a profitable contribution from Geco-Prakla.

Measurement & Systems revenue increased 2% compared to the same period last year, with strong growth from Electronic Transactions largely being offset by lower metering revenue.

BUSINESS REVIEW

(stated in millions)

Second Quarter	Oilfield Services			Measurement & Systems		
	1996	1995	% change	1996	1995	% change
Operating Revenue	\$ 1,444	\$ 1,183	22%	\$ 708	\$ 697	2 %
Operating Income(1)	\$ 215	\$ 164	31%	\$ 32	\$ 40	(21)%

(1) Operating income represents income before income taxes, excluding interest expense and interest and other income.

OILFIELD SERVICES

Operating revenue for Oilfield Services was 22% above last year. North America and outside North America revenues were up 21% and 23%, respectively, and represented 18% and 50% of consolidated revenue, respectively.

In North America, the most notable revenue increases were from Dowell, Wireline & Testing and Geco-Prakla, which were 16%, 14% and 41%, respectively.

Outside North America, revenue grew 15% at Wireline & Testing and 18% at Dowell. Also significant, revenue at Geco-Prakla and Sedco Forex rose 34% and 28%, respectively.

Operating income increased \$13 million in North America and \$43 million outside North America. The quarter included a profitable contribution from Geco-Prakla.

North America

Rig count increased 9% for the quarter. Activity increased significantly in the Gulf of Mexico, positively impacting all product lines.

The new DeepSEA EXPRES* cementing technology was successfully introduced. This unique system improves the cementing of casing strings for subsea completions. The resulting reduction of downtime on floating drilling structures yields substantial savings for the client. The Laffit Pincay, a semisubmersible rig, completed its first full quarter of activity under Sedco Forex management following the completion of drilling-make-ready modifications. Information Technology and Data Management Services grew 39% compared to last year. In the latter, a significant three-year service contract with a major US oil company was secured to provide integrated information technology and data management for their exploration and production activities.

Outside North America

Key contributions to growth came from West Africa, the North Sea and Latin America. Rig count for the quarter rose 4%.

The successful deployment of PLATFORM EXPRESS* technology continued. Also being aggressively introduced is the Modular Configuration MAXIS* surface acquisition system. By combining this surface system with downhole wireline logging suites, including PLATFORM EXPRESS technology, we offer a complete and customized wireline logging system, setting a new standard for wellsite efficiency, reliability and data quality. During the quarter, a significant contract was secured in Norway, which includes measurements while drilling (MWD), logging while drilling (LWD), directional drilling, cementing, drilling and completion fluids services, coiled tubing and wireline logging services. In our seismic activities, we launched the new Quantified Quality Assurance (QQA) system, the first system to provide seismic quality control based on geophysical criteria. Additionally, major Land seismic contracts were successfully completed in Kazakhstan, France and Kuwait, and backlog in crew months increased 40%.

Compared to the second quarter of 1995, our average offshore rig utilization rate increased from 88% to 94%, driven by a 100% utilization of jack-up rigs. The improvement in results was due to the increase in rig utilization, continued strengthening of offshore dayrates and fleet expansion. At June 30, 1996, our fleet consisted of 79 rigs: 33 land and 46 offshore, including three chartered semisubmersibles and two lake barges under management contract.

RAPID* Reentry and Production Improvement Drilling services were formally introduced during the quarter. These services range from economic analysis for identifying wells that are suitable candidates for production improvement to providing the people, technology, tools and systems needed for well preparation, sidetracking, short- and medium-radius drilling, coiled tubing drilling and completion. During the quarter, a significant five-year agreement was signed for a customer's operations in London, Aberdeen and Copenhagen, for software and services, including installation of the Finder* data management system and the GeoFrame* integrated reservoir characterization system.

MEASUREMENT & SYSTEMS

Revenue increased 2% from last year as continued strong growth at Electronic Transactions, particularly reflecting high demand for smart cards, was largely offset by a decline in the metering business. Orders were down 1% due to lower orders at Automatic Test Equipment and the weakening of most European currencies against the US dollar.

Measurement & Systems operating income declined from last year principally due to changing market conditions which have severely impacted margins in the metering business, higher research and engineering expenses at ATE and costs associated with expansion into new areas.

Electronic Transactions revenue was up 18% from the same period last year, reflecting 54% growth in smart cards, including shipments of electronic payment systems to the Atlanta Olympics. In addition, strong demand for subscriber identity module (SIM) cards in China continued. Orders increased 19%, reflecting large requests for payphone equipment in Europe and South America along with expanded card demand. ATE revenue increased 4%, driven by stronger sales at Diagnostic Systems, particularly of the IDS 5000HX*, and at Automated Systems. Orders deteriorated 35% from the same period last year on a slowdown in semiconductor capital equipment spending. Revenue in the Electricity Management, Water Management and Gas Management business decreased 2%. The decline was due to softening of market conditions in Germany, lower demand in the UK for prepayment meters and strong pricing pressures. Orders were flat. The deregulation of electricity and gas utilities in Europe has greatly affected the metering business. Changes in metering technology, uncertainty in the market place and pricing pressures have significantly offset the growth experienced by Electronic Transactions.

Interest and other income decreased \$6 million from the second quarter of 1995 primarily due to lower investment balances as well as lower investment returns. Gross margin of 24% remained flat compared with the same quarter last year. Research and engineering expense increased 9% from last year but decreased to 5.3% of operating revenue from 5.6% in 1995. Marketing expense was up 9% but decreased to 3.5% of operating revenue from 3.7% in 1995. General expense, expressed as a percentage of operating revenue, decreased from 4.7% to 4.1%. Interest expense decreased \$3 million from the second quarter last year due to sharply lower average borrowing rates.

First Half 1996 Compared to First Half 1995

Income for the first six months of \$368 million and earnings per share of \$1.50 were 17% and 15% higher, respectively, than the same period last year.

Operating revenue for the first six months was \$4.18 billion, up 15% from 1995.

Oilfield Services posted a 22% increase in revenue as rig count worldwide rose 5%.

Measurement & Systems revenue increased 3% compared to the same period last year mainly due to strong growth from Electronic Transactions.

BUSINESS REVIEW

(Stated in millions)

Six Months	Oilfield Services			Measurement & Systems		
	1996	1995	% change	1996	1995	% change
Operating Revenue	\$ 2,797	\$ 2,301	22%	\$ 1,383	\$ 1,343	3 %
Operating Income(1)	\$ 392	\$ 301	30%	\$ 64	\$ 72	(12)%

(1) Operating income represents income before income taxes, excluding interest expense and interest and other income.

OILFIELD SERVICES

Operating revenue for Oilfield Services was 22% above last year. North America and outside North America revenues were up 13% and 25%, respectively, and represented 18% and 50% of consolidated revenue, respectively.

In North America, the most notable revenue increases were from Dowell, Wireline & Testing and Geco-Prakla, which were 9%, 11% and 16%, respectively.

Outside North America, revenue grew 15% at Wireline & Testing and 24% at Dowell. Also significant, revenue at Geco-Prakla and Sedco Forex rose 29% and 34%, respectively.

Operating income increased \$8 million in North America and \$91 million outside North America.

North America

Rig count increased 5% over 1995. Activity increased in the Gulf of Mexico, positively impacting all product lines.

Rapid deployment of PLATFORM EXPRESS* wireline logging technology continued, and the GeoSteering* tool was introduced in Canada with great success. The new DeepSEA EXPRES* cementing technology, a unique system improving the cementing of casing strings for subsea completions, was successfully introduced. The resulting reduction of downtime on floating drilling structures yields substantial savings

for the client. Data Management Services secured a significant three-year service contract with a major US oil company to provide integrated information technology and data management for their exploration and production activities.

Outside North America

Key contributions to growth came from Africa, particularly West Africa, the North Sea, Europe and Latin America. Rig count for the first six months rose 4%.

The successful deployment of PLATFORM EXPRESS* technology continued. The Modular Configuration MAXIS* surface acquisition system was aggressively introduced. By combining this surface system with downhole wireline logging suites, including PLATFORM EXPRESS technology, we offer a complete and customized wireline logging system, setting a new standard for wellsite efficiency, reliability and data quality.

Logging while drilling (LWD) and Measurements-while-drilling (MWD) technologies continued their strong growth. Drilling fluids continued to generate superior results while gaining wide client acceptance with VISPLEX* and ULTIDRILL* fluids. A significant contract was secured in Norway, which includes MWD, LWD, directional drilling, cementing, drilling and completion fluids services, coiled tubing and wireline logging services. In our seismic activities, we launched the new Quantified Quality Assurance (QQA) system, the first system to provide seismic quality control based on geophysical criteria.

RAPID* Reentry and Production Improvement Drilling services were formally introduced. These services range from economic analysis for identifying wells that are suitable candidates for production improvement to providing the people, technology, tools and systems needed for well preparation, sidetracking, short- and medium-radius drilling, coiled tubing drilling and completion.

MEASUREMENT & SYSTEMS

Revenue increased 3% from last year due to continued strong growth at Electronic Transactions, particularly reflecting high demand for smart cards. Orders were down 1% due to lower orders at Automatic Test Equipment and the metering business and the weakening of most European currencies against the US dollar.

Measurement & Systems operating income declined from last year principally due to changing market conditions which have severely impacted margins in the metering business, higher research and engineering expenses especially at ATE, and costs associated with the expansion into new markets.

Electronic Transactions revenue was up 17% from the same period last year reflecting strong growth in smart cards. Strong demand for subscriber identity module (SIM) cards in China continued. Orders increased 16%, reflecting expanded card demand and large requests for payphone equipment in Europe and South America.

Ate revenue increased 4%, driven by stronger sales at Diagnostic Systems, particularly of the IDS 5000HX* and IDS 10000*, and at Automated Systems. Orders deteriorated 12% from the same period last year on a slowdown in semiconductor capital equipment spending. Revenue in the Electricity Management, Water Management and Gas Management business was flat, due to softening of market conditions in Germany, lower demand in the UK for prepayment meters and strong pricing pressures. Orders decreased 2% from the same period last year. The deregulation of electricity and gas utilities in Europe has greatly affected the metering business. Changes in metering technology, uncertainty in the market place and pricing pressures have significantly offset the growth experienced by Electronic Transactions and ATE.

Interest and other income decreased \$13 million from the same period last year primarily due to lower investment balances as well as lower investment returns. Gross margin of 24% remained flat compared with last year. Research and engineering expense increased 8% from last year but decreased to 5.4% of operating revenue from 5.7% in 1995. Marketing expense was up 10% but decreased to 3.6% of operating revenue from 3.7% last year. General expense, expressed as a percentage of operating revenue, decreased from 4.8% to 4.2%. Interest expense decreased \$7 million from the same period last year due to sharply lower average borrowing rates.

*Mark of Schlumberger

PART II. OTHER INFORMATION

Item 6 : Exhibits and Reports on Form 8-K

(a) Exhibits : None

(b) Reports on Form 8-K : None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934,
the Registrant has duly caused this report to be signed on its behalf by the
undersigned thereunto duly authorized and in his capacity as principal
financial officer.

Schlumberger Limited
(Registrant)

Date: August 14, 1996

/s/ Arthur Lindenauer

Arthur Lindenauer
Executive Vice President - Finance
and Chief Financial Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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