HALF YEAR REPORT 2014

JANUARY – JUNE

SECOND QUARTER – 2014

HALF YEAR REPORT

c.a.t.oil
energy in motion

KEY GROUP FIGURES

SELECTED GROUP FIGURES IN ACCORDANCE WITH IFRS	H1 2014 TEUR	H1 2013 TEUR	Change in %
Sales revenues	203,113	210,128	-3.3%
Gross profit	42,212	39,475	6.9%
EBIT	32,295	27,227	18.6%
EBIT margin	15.9%	13.0%	
EBITDA	54,913	52,669	4.3%
EBITDA margin	27.0%	25.1%	
Group result	25,256	21,201	19.1%
Earnings per share (EUR)	0.52	0.43	20.9%
Balance sheet total[1)]	415,538	352,525	17.9%
Equity[1)]	256,560	251,745	1.9%
Equity ratio[1)]	61.7%	71.4%	
Cash flow from operating activities	26,444	47,580	-44.4%
Capital expenditure	42,071	31,134	35.1%
Cashflow from financing activities	14,299	-6,771	>100.0%
Cash and cash equivalents[1)]	40,631	42,640	-4.7%
Employees (average)	2,873	2,641	8.8%

[1)] As on 30 June 2014 and 31 December 2013 respectively

CONTENT

INTRO

MANFRED KASTNER
CHIEF EXECUTIVE OFFICER

Dear Ladies and Gentlemen,
Dear Shareholders,

C.A.T. oil's half year results demonstrate that we are fully geared towards profitable growth – despite the increased political uncertainties. Following the challenging, yet successful first quarter, we further boosted our operating performance in Q2. We increased service job counts by 15.5% yoy between April and June and by 10.2% yoy in H1 2014; both of our segments contributed to this development.

Due to the strong rouble devaluation our EUR revenues were up only 1.0% in Q2 and declined by 3.3% in the first half-year. In roubles, however, we grew our revenues by almost 14.0% yoy in the first six months and by 19.0% yoy in the second quarter. The average exchange rate amounted to 40.7 roubles-to-euro in H1 2013 and was at 48.0 roubles-to-euro in H1 2014.

In spite of the political and currency developments we were able to increase our EBITDA in EUR terms by more than 18% yoy to EUR 34.1 million in Q2 (Q2 2013: EUR 28.7 million) and by 4.3% yoy to EUR 54.9 million in H1 (H1 2013: EUR 52.7 million). Furthermore, we again raised our profitability significantly: Our EBITDA margin widened to 30.3% in the second quarter and to 27.0% in the first six months of this year (H1 2013: 25.1%). Our earnings power reflects the significantly expanded business, ongoing efficiency improvements and a reduced cost base as a consequence of tight cost management and the rouble devaluation. In H1, we boosted our Group's bottom-line by more than 19% yoy to EUR 25.3 million (H1 2013: EUR 21.2 million). As of 30 June 2014, our equity ratio amounted to 61.7% (31 December 2013: 71.4%) and we thus continued operating on a very solid balance sheet. We remain confident in the second half of this year and fully committed to our investment plans – despite the challenging political trends. Our operating activity levels keep trending up as customers' demand for the services we render intensifies. In fact, we received additional orders bringing our total order book 2014-16 to EUR 785 million.

In early August we also conducted an initial review of the sanctions imposed by the USA and the EU on the Russian oil industry. We have never been active in deep water, Arctic offshore or shale oil projects and have no intentions to change our course of business. Therefore, our legal assessment of the new EU and US export control rules drives our conclusion that the sanctions do not jeopardize our business. That is why we remain adhered to timely execution of our 2014-16 investment program. This year our maintenance and growth capital expenditures stay at around EUR 135 million. We anticipate that all new rigs and fleets ordered for 2014 will be delivered to Russia before the yearend as the manufacturing schedules stay intact. We also maintain our positive view of the Russian OFS sector fundamentals.

Based on our solid operating performance and sustainable demand for our services we reiterate our guidance for the full year 2014 as follows: revenues in the range of EUR 420 to 450 million and EBITDA of EUR 113 to 121 million (based on the average rouble-to-euro exchange rate of 48).

We thank you, our shareholders, for your trust and loyalty to C.A.T. oil – even more so in this geopolitical environment. We assure you that we remain fully committed to our operating and financial objectives.

Yours sincerely,
Manfred Kastner

GROUP INTERIM REPORT

GROUP INTERIM REPORT

GROUP BALANCE SHEET

INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

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BALANCE SHEET AS OF 30.06.2014

TEUR	30.06.2014	31.12.2013
ASSETS		
Noncurrent assets	**229,069**	**211,653**
Intangible assets	493	621
Property, plant and equipment	212,553	196,051
Goodwill	3,394	3,473
Other financial assets and other assets	555	639
Deferred tax assets	12,074	10,869
Current assets	**186,469**	**140,872**
Inventories	20,286	19,631
Trade receivables	119,292	73,483
Other receivables	6,260	5,118
Cash and cash equivalents	40,631	42,640
Balance sheet total	**415,538**	**352,525**
EQUITY AND LIABILITIES		
Equity	**256,560**	**251,745**
Share capital	48,850	48,850
Capital reserve	111,987	111,987
Retained earnings	161,613	153,454
Currency translation reserve	-65,890	-62,546
Noncurrent liabilities	**69,222**	**36,401**
Financial liabilities against related parties	48,400	17,900
Deferred tax liabilities	20,822	18,501
Current liabilities	**89,756**	**64,379**
Financial liabilities against related parties	649	147
Trade payables	64,280	45,514
Other liabilities	24,827	18,718
Balance sheet total	**415,538**	**352,525**

INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO JUNE 30

TEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
Sales revenues	112,366	111,218	203,113	210,128
Cost of sales	-84,721	-89,512	-160,901	-170,653
Gross profit	**27,645**	**21,706**	**42,212**	**39,475**
Administrative expenses	-5,353	-5,741	-10,427	-11,019
Other operating income and expenses	322	-277	510	-1,229
Operating result	**22,614**	**15,688**	**32,295**	**27,227**
Interest income and expenses	-364	-465	-255	-975
Other financial result	18	732	22	-310
Financial result	**-346**	**267**	**-233**	**-1,285**
Profit before tax	**22,268**	**15,955**	**32,062**	**25,942**
Income tax	-6,499	-1,935	-6,806	-4,741
Profit after tax	**15,769**	**14,020**	**25,256**	**21,201**
Of which: result from discontinued operation	**10**	**-11**	**-21**	**47**
Basic earnings per share in EUR€	0.32	0.29	0.52	0.43
Diluted Earnings per share in EUR	0.32	0.29	0.52	0.43

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30

TEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
Profit after tax	**15,769**	**14,020**	**25,256**	**21,201**
Items that may be reclassified to profit or loss				
Change in currency translation				
Functional currency	9,630	-8,909	-1,255	-7,554
Net investments	9,494	-11,475	-2,089	-9,777
Other comprehensive income	**19,124**	**-20,384**	**-3,344**	**-17,331**
Comprehensive income	**34,893**	**-6,364**	**21,912**	**3,870**

STATEMENT OF CHANGES IN EQUITY

TEUR	Share capital	Capital reserve	Retained earnings	Currency translation reserve		Total equity
				Functional currency	Net investments	
Balance at 01.01.2013	48,850	111,987	114,827	-21,935	-8,757	244,972
Profit after tax			21,201			21,201
Change in currency translation						
Functional currency				-7,554		-7,554
Net investments					-9,777	-9,777
Comprehensive income			**21,201**	**-7,554**	**-9,777**	**3,870**
Dividend payment			-12,213			-12,213
Balance at 30.06.2013	**48,850**	**111,987**	**123,815**	**-29,489**	**-18,534**	**236,629**
Balance at 01.01.2014	48,850	111,987	153,454	-36,096	-26,450	251,745
Profit after tax			25,256			25,256
Change in currency translation						
Functional currency				-1,255		-1,255
Net investments					-2,089	-2,089
Comprehensive income			**25,256**	**-1,255**	**-2,089**	**21,912**
Dividend payment			-17,097			-17,097
Balance at 30.06.2014	**48,850**	**111,987**	**161,613**	**-37,351**	**-28,539**	**256,560**

CASH FLOW STATEMENT FOR THE PERIOD 1 JANUARY TO 30 JUNE

TEUR	H1 2014	H1 2013
Profit before tax	**32,062**	**25,942**
Income tax paid	-4,352	-4,811
Depreciation and amortization expenses	22,618	25,441
Profit/loss on disposal of fixed assets	-217	92
Other noncash income/expneses	-1,356	-2,851
Gross cash flow	**48,755**	**43,813**
Change in working capital	**-22,311**	**3,767**
Change in inventories	-975	2,758
Change in receivables	-46,256	-20,244
Change in liabilities	24,920	21,253
Cash flows from operating activities	**26,444**	**47,580**
Purchase of property, plant and equipment	-42,071	-31,134
Proceeds from sale of equipment	405	1,992
Cash flows from investing activities	**-41,666**	**-29,142**
Cash proceeds/cash payments from issuing/repayments loans	31,001	6,417
Finance income/expenses received and paid	395	-975
Didivends paid	-17,097	-12,213
Cash flows from financing activities	**14,299**	**-6,771**
Effect of exchange rate changes on cash and cash equivalents	-1,086	2,726
Net change in cash and cash equivalents	-2,009	14,393
Cash and cash equivalents at 01.01.	42,640	38,816
Cash and cash equivalents at 30.06.	**40,631**	**53,209**
Of which: cash flows from discontinued operation		
Cash flows from operating activities	-6	260

MANAGEMENT OVERVIEW

MANAGEMENT OVERVIEW

GENERAL ECONOMIC ENVIRONMENT

EARNINGS SITUATION

FINANCIAL SITUATION

ASSET SITUATION

RISKS

OUTLOOK

POST BALANCE SHEET DATE EVENTS

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GENERAL ECONOMIC ENVIRONMENT

SLOWING ECONOMIC GROWTH AND WEAKENING ROUBLE

The Company's primary operations are in Russia and, to a much lesser extent, in Kazakhstan. In H1 2014, the Russian economy demonstrated sluggish growth amid weakening currency and rising inflation as the Ukrainian crisis unfolded. According to the Russian government statistics, Russia's GDP rose 0.9% YoY in H1 2014 (H1 2013: 1.4% YoY) and the CPI growth accelerated to 7.8% YoY as of 30 June 2014 (30 June 2013: 6.9% YoY). Since the prevailing majority of the Company's service orders are denominated in the Russian roubles, the Company's financial results in H1 2014 were negatively effected by a steep rouble devaluation against the euro: the average exchange rate was 48.0 roubles-to-euro in H1 2014 compared to 40.7 roubles-to-euro in H1 2013. The energy price environment however remained stable with the average Brent price edging up 1.0% YoY to USD 109.0 per barrel during the reporting period (H1 2013: USD 108.0 per barrel). In H1 2014, Russian upstream activity levels stayed at the elevated levels, translating into a new historic high in Russia's crude output of 10.6 million barrels per day, up 0.8% YoY from 10.5 million barrels per day in H1 2013.

EARNINGS SITUATION

STRONG UPTURN IN OPERATING ACTIVITY LEVELS

The Company's operating and financial results are characterized by distinct seasonality whereby the first and fourth quarter performance is exposed to a slowdown in operations due to harsh weather conditions in West Siberia during the winter months and, therefore, profit contributions predominately arise in the second and third quarters of any year. Following abnormally high number of weather-related downtime days in the first quarter of 2014, the Company strongly benefitted not only from a seasonal upturn in operating activity levels but a rollover of unexecuted service orders into the second quarter of the year. As a result, the Company's service job count improved 15.5% YoY in Q2 2014 and 10.2% YoY in H1 2014.

CONVINCING EFFICIENCY GAINS AND BOTTOM-LINE GROWTH DESPITE WEAK ROUBLE ENVIRONMENT

The Company's top-line growth was obscured by a precipitous drop in value of the Russian rouble relative to the euro during the reporting period. In rouble terms, though, the Company's revenue expanded 19.0% YoY in Q2 2014 and 13.8% in H1 2014. The continued business expansion enabled the Company to deliver once again further efficiency gains and earnings growth during the reporting period. The Company's EBITDA increased 18.8% YoY to EUR 34.1 million in Q2 2014 (Q2 2013: 28.7 million) and 4.3% YoY to EUR 54.9 million in H1 2014 (H1 2013: EUR 52.7 million). The EBITDA margin widened to 30.3% in Q2 2014 (Q2 2013: 25.8%) and 27.0% in H1 2014 (H1 2013: 25.1%). Profit after tax was up 12.5% YoY to EUR 15.8 million in Q2 2014 (Q2 2013: EUR 14.0 million) and 19.1% YoY to EUR 25.3 million in H1 2014 (H1 2013: EUR 21.2 million).

Q2 2014 REVENUES UP 1.0% YOY

The Company's consolidated revenues were up 1.0% YoY to EUR 112.4 million in Q2 2014 (Q2 2013: EUR 111.2 million), reflecting primarily counter effects of the higher operating activity levels and the rouble devaluation. The total service job count elevated 15.5% YoY to 1,148 jobs (Q2 2013: 994 jobs), whereas the average per job revenues contracted 12.5% YoY to TEUR 98 (Q2 2013: TEUR 112).

The contribution of the Company's operating and reporting segments, Well Services and Drilling, Sidetracking and IPM to the consolidated revenues was as follows:

WELL SERVICES: REVENUES EDGED DOWN 0.4% YOY IN Q2 2014

Well Services' revenues (from third parties) represented 51.9% of the Company's total revenues in Q2 2014 (Q2 2013: 52.6%). The reportable segment revenues edged down 0.4% YoY to EUR 58.3 million (Q2 2013: EUR 58.5 million) due to the counter effects of a 15.7% YoY gain in the service job count to 1,077 jobs (Q2 2013: 931 jobs) and a 13.9% YoY decline in the average per job revenues to TEUR 54 (Q2 2013: TEUR 63). The upward trend in the segment's job count primarily reflected a strong expansion of the Company's fracturing operations during the reporting period, whereas the lower per job revenues stemmed from the rouble devaluation. As an upward trend in Russia's horizontal drilling footage extended into the reporting period, the share of multi-stage fracturing jobs rose to 24% of the total fracturing job count during the reporting period from 17% a year ago.

DRILLING, SIDETRACKING AND IPM: REVENUES INCREASED 3.3% YOY IN Q2 2014

Drilling, Sidetracking and IPM segment revenues (from third parties) represented 47.6% of the Company's total revenues in Q2 2014 (Q2 2013: 46.6%). The reportable segment revenues increased 3.3% YoY to EUR 53.5 million (Q2 2013: EUR 51.8 million) reflecting the counter effects of the higher operating activity levels and the weaker rouble relative to the euro. The segment's service job count staged a 12.7% YoY increase to 71 wells and sidetracks (Q2 2013: 63 jobs), while the combined drilling and sidetracking output rose 46.7% YoY to 109.1 thousand meters (Q2 2013: 74.4 thousand meters). The share of horizontal wells and sidetracks contracted to 38% of the Company's total in Q2 2014 (Q2 2013: 45%).

H1 2014 REVENUES DOWN 3.3% YOY

Despite the elevated operating activity levels in Q2 2014, the Company's consolidated revenues diminished 3.3% YoY to EUR 203.1 million in H1 2014 (H1 2013: EUR 210.1 million). The decrease primarily reflected the combined effect of slow operations amid abnormally harsh weather conditions in Q1 2014 and a steep rouble devaluation during the reporting period. The total service job count improved 10.2% YoY to 2,057 jobs (H1 2013: 1,866 jobs), whereas the average per job revenues depreciated 12.5% YoY to TEUR 99 (H1 2013: TEUR 113).

WELL SERVICES: REVENUES DOWN 7.0% IN H1 2014

Well Services' revenues (from third parties) represented 51.9% of the Company's total revenues in H1 2014 (H1 2013: 53.9%). The reportable segment revenues staged a 7.0% YoY decline to EUR 105.3 million (H1 2013: EUR 113.2 million) due to the counter effects of a 10.2% YoY gain in the service job count to 1,933 jobs (H1 2013: 1,754 jobs) and a 15.6% YoY downturn in the average per job revenues to TEUR 54 (H1 2013: TEUR 65). The upward trend in the segment's job count primarily reflected a strong expansion of the Company's fracturing operations during the reporting period, whereas the lower per job revenues largely owed to the rouble devaluation relative to the euro.

DRILLING, SIDETRACKING AND IPM: REVENUES EDGED UP 0.5% YOY IN H1 2014

Drilling, Sidetracking and IPM segment revenues (from third parties) represented 47.5% of the Company's total revenues in H1 2014 (H1 2013: 45.7%). The reportable segment revenues edged up 0.5% YoY to EUR 96.4 million (H1 2013: EUR 96.0 million) primarily reflecting the counter effects of the higher operating activity levels and the weaker rouble relative to the euro. The segment's service job count expanded 10.7% YoY to 124 wells and sidetracks in H1 2014 (H1 2013: 112 jobs), whereas the combined drilling and sidetracking footage was up 33.9% YoY to 178.9 thousand meters (H1 2013: 133.6 thousand meters). The share of horizontal wells and sidetracks reached 45% of the Company's total compared to 37% a year ago.

Q2 2014 COST OF SALES DOWN 5.4% YOY

Cost of sales, which primarily consists of materials and supply, direct costs, depreciation, wages and salaries, contracted 5.4% YoY to EUR 84.7 million in Q2 2014 (Q2 2013: EUR 89.5 million). The decline was largely attributed to the rouble devaluation effects. Cost of materials and supply was down 7.4% YoY to EUR 30.6 million (Q2 2013: EUR 33.1 million) and direct costs, which primarily include transportation, mobilization, adaptation, subcontractor, repair and maintenance expenses, stayed effectively flat YoY at EUR 25.3 million (Q2 2013: EUR 25.3 million). Wages and salaries diminished 5.7% YoY to EUR 11.6 million (Q2 2013: EUR 12.3 million), whereas social security expenses were up 3.1% YoY to EUR 3.7 million (Q2 2013: EUR 3.5 million). Depreciation was down 12.6% YoY to EUR 11.3 million (Q2 2013: EUR 12.9 million) primarily due to the combined effect of exchange differences and disposals and additions of fixed assets on property, plant and equipment. Other costs of sales fell 4.5% YoY to EUR 2.2 million (Q2 2013: EUR 2.3 million).

H1 2014 COST OF SALES DECLINED 5.7% YOY

In H1 2014, cost of sales was down 5.7% YoY to EUR 160.9 million (H1 2013: EUR 170.7 million) mainly due to the effect of the rouble devaluation. Cost of materials and supply was down 10.1% YoY to EUR 57.4 million (H1 2013: EUR 63.8 million), whereas direct costs rose 1.1% YoY to EUR 47.4 million (H1 2013: EUR 46.9 million). Wages and salaries contracted 2.6% YoY to EUR 22.2 million (H1 2013: EUR 22.8 million) and social security expenses inflated 1.9% to EUR 7.0 million (H1 2013: EUR 6.8 million). Depreciation was down 11.8% YoY to EUR 22.3 million (H1 2013: EUR 25.3 million) primarily due to the combined effect of exchange differences and disposals and additions of fixed assets on property, plant and equipment. Other cost of sales staged a 7.7% YoY decline to EUR 4.6 million (H1 2013: 5.0 million).

GROSS PROFIT ADVANCED 27.4% YOY IN Q2 2014 AND 6.9% YOY IN H1 2014

Gross profit improved 27.4% YoY to EUR 27.6 million in Q2 2014 (Q2 2013: EUR 21.7 million) and 6.9% YoY to EUR 42.2 million in H1 2014 (H1 2013: EUR 39.5 million). As a result, the gross margin expanded to 24.6% in Q2 2014 (Q2 2013: 19.5%) and 20.8% in H1 2014 (H1 2013: 18.8%).

GENERAL AND ADMINISTRATIVE EXPENSES DOWN 6.8% YOY IN Q2 2014 AND 5.4% YOY H1 2014

General and administrative expenses decreased 6.8% YoY to EUR 5.4 million in Q2 2014 (Q2 2013: EUR 5.7 million) and 5.4% YoY to EUR 10.4 million in H1 2014 (H1 2013: EUR 11.0 million). The decrease was primarily attributable to the lower wages and salaries, social security and insurance expenses, licensing fees as well as lease expenses.

OTHER OPERATING INCOME AND LOSS

The Company incurred other net operating income of EUR 0.3 million in Q2 2014 and EUR 0.5 million in H1 2014 compared to other net operating loss of EUR 0.3 million in Q2 2013 and EUR 1.2 million in H1 2013.

WEIGHTED AVERAGE HEADCOUNT INCREASED 8.8% YOY IN H1 2014

In H1 2014, the Company's total weighted-average headcount was 2,873 employees, up 8.8% YoY from 2,641 employees in H1 2013. The increase primarily owed to additions of managerial, engineering and crew staff for the Company's Drilling, Sidetracking and IPM operating and reportable segment.

EBITDA IMPROVED 18.8% YOY IN Q2 2014 AND 4.3% YOY IN H1 2014

The Company's earnings before interest, corporate tax, depreciation and amortization (EBITDA) increased 18.8% YoY to EUR 34.1 million in Q2 2014 (Q2 2013: EUR 28.7 million) and the EBITDA margin expanded to 30.3% (Q2 2013: 25.8%). The Company's earnings before interest and corporate tax (EBIT) improved 44.1% YoY to EUR 22.6 million (Q2 2013: EUR 15.7 million) due to the combined effect of the higher gross profit and the lower general and administrative expenses. As a result, the EBIT margin went up to 20.1% in Q2 2014 (Q2 2013: 14.1%).

In H1 2014, EBITDA was up 4.3% YoY to EUR 54.9 million (H1 2013: EUR 52.7 million) and the EBITDA margin widened to 27.0% (H1 2013: 25.1%). EBIT staged an 18.6% YoY upturn to EUR 32.3 million (H1 2013: EUR 27.2 million), bringing the EBIT margin to 15.9% (H1 2013: 13.0%).

NET FINANCIAL RESULT

The Company's net financial result was EUR -0.3 million in Q2 2014 (Q2 2013: EUR 0.3 million) owing to the combined effect of foreign currency gain of TEUR 18 (Q2 2013: foreign currency gain of EUR 0.7 million) and net interest expense of EUR 0.4 million (Q2 2013: net interest expense of EUR 0.5 million). In H1 2014, net financial result was EUR -0.2 million (H1 2013: EUR -1.3 million) due to cumulative effects of foreign currency gain of TEUR 22 (H1 2013: loss of EUR 0.3 million) and net interest expense of EUR 0.3 million (H1 2013: net interest expense of EUR 1.0 million).

PROFIT AFTER TAX UP 12.5% YOY IN Q2 2014 AND 19.1% YOY IN H1 2014

The Company's profit before tax was up 39.6% YoY to EUR 22.3 million in Q2 2014 (Q2 2013: EUR 16.0 million) primarily in the wake of the improved operating income. Income tax expense inflated more than threefold YoY to EUR 6.5 million (Q2 2013: EUR 1.9 million) primarily due to an increase in deferred tax expense to EUR 2.5 million (Q2 2013: deferred tax income of EUR 1.8 million) during the reporting period. As a result, the Group's profit after tax was up by 12.5% YoY to EUR 15.8 million in Q2 2014 (Q2 2013: EUR 14.0 million), translating into earnings per share of EUR 0.32 (Q2 2013: EUR 0.29).

In H1 2014, the Company's profit before tax improved 23.6% YoY to EUR 32.1 million (H1 2013: EUR 25.9 million) whereas corporate tax expense increased 43.6% YoY to EUR 6.8 million (H1 2013: EUR 4.7 million). The Group's profit after tax increased 19.1% YoY to EUR 25.3 million in H1 2014 (H1 2013: EUR 21.2 million) and earnings per share amounted to EUR 0.52 in H1 2014, up from EUR 0.43 in H1 2013.There had been no change in the weighted average number of shares outstanding in H1 2014 (H1 2013: 48,850,000).

FINANCIAL SITUATION

GROSS CASH FLOW IMPROVED 39.3% YOY IN Q2 2014 AND 11.3% YOY IN H1 2014

The Company's gross cash flow were up 39.3% YoY to EUR 30.9 million in Q2 2014 (Q2 2013: EUR 22,2 million) and 11.3% YoY to EUR 48.8 million in H1 2014 (H1 2013: 43.8 million). The increase was largely due to the higher profit before tax and the reduced negative effects of the other non cash positions compared to the respective reporting periods in 2013.

CASH FLOW FROM OPERATING ACTIVITIES REDUCED 50.0% YOY IN Q2 2014 AND 44.4% YOY IN H1 2014

Despite the higher gross cash flow, cash flow from operating activities diminished 50.0% YoY to EUR 20.8 million in Q2 2014 (Q2 2013: EUR 41.5 million) and 44.4% YoY to EUR 26.4 million in H1 2014 (H1 2013: EUR 47.6 million) due to the increase in working capital during the reporting period. The changes in working capital were EUR -10.1 million in Q2 2014 (Q2 2013: EUR 19.3 million) and EUR -22.3 million in H1 2014 (H1 2013: EUR 3.8 million)–primarily as a result of a slower accounts receivable turnover.

PROGRESS IN EXECUTION OF THE 2014 INVESTMENT PROGRAM

The Company's capital expenditures program for 2014 stands at around EUR 135 million, aiming at expansion the Company's operating capacities by 67% for drilling, 18% for sidetracking and 7% for fracturing by the end of 2014 compared to the end of 2013. Cash payments to acquire property, plant and equipment increased 49.7% YoY to EUR 24.6 million in Q2 2014 (Q2 2013: EUR 16.4 million) and 35.1% YoY to EUR 42.1 million in H1 2014 (H1 2013: EUR 31.1 million). The increase primarily reflected the scheduled payments for the ordered operating capacities. With proceeds from sale of fixed assets of EUR 0.3 million in Q2 2014 (Q2 2014: EUR 1.3 million) and EUR 0.4 million in H1 2014 (H1 2013: EUR 2.0 million), the Company's cash flow from investing activities was a net outflow of EUR 24.3 million in Q2 2014 (Q2 2013: EUR 15.1 million) and EUR 41.7 million in H1 2014 (H1 2013: EUR 29.1 million).

CASH FLOW FROM FINANCING ACTIVITIES

The Company's cash flow from financing activities was a net inflow of EUR 10.3 million in Q2 2014 (Q2 2013: net outflow of EUR 10.4 million), primarily reflecting the combined effect of proceeds from long-term borrowings of EUR 27.0 million (Q2 2013: EUR 2.3 million) and dividend payments of EUR 17.1 million (Q2 2013: EUR 12.2 million). In H1 2014, the Company's cash flow from financing activities was a net inflow of EUR 14.3 million (H1 2013: net outflow of EUR 6.8 million) in the aftermath of proceeds from long-term borrowings of EUR 30.5 million (H1 2013: EUR 6.4 million) and dividend payments in the second quarter. Cash flow from financing activities in H1 2014 was also affected by net interest income of EUR 0.4 million (H1 2013: net interest expense of EUR 1.0 million).

Cash and cash equivalents were down 4.7% to EUR 40.6 million as of 30 June 2014 from EUR 42.6 million as of 31 December 2013.

ASSET SITUATION

ROBUST BALANCE SHEET

In H1 2014, the Company stayed committed to its prudent financial policy, as witnessed by its solid balance sheet with an equity ratio of 61.7% as of 30 June 2014 (31 December 2013: 71.4%).

NONCURRENT ASSETS

Property, plant and equipment increased 8.4% to EUR 212.6 million as of 30 June 2014 from EUR 196.1 million as of 31 December 2013, primarily reflecting a net result of depreciation, disposals and additions of fixed assets as well as foreign exchange differences during the reporting period. Deferred tax assets increased by 11.1% to EUR 12.1 million as of 30 June 2014 from EUR 10.9 million as of 31 December 2013 mainly due to tax loss carryforward.

CURRENT ASSETS

Total current assets rose 32.4% to EUR 186.5 million as of 30 June 2014 from EUR 140.9 million as of 31 December 2013. Trade receivables inflated 62.3% to EUR 119.3 million as of 30 June 2014 from EUR 73.5 million as of 31 December 2013 primarily due the effects of the increased average settlement period with customers. Inventories were up 3.3% to EUR 20.3 million as of 30 June 2014 from EUR 19.6 million as of 31 December 2013 largely reflecting the business expansion. Pre-paid expenses and other current assets increased 47.1% to EUR 5.2 million as of 30 June 2014 from EUR 3.5 million as of 31 December 2013 primarily due to the higher VAT receivable.

The Company's total assets expanded 17.9% to EUR 415.5 million as of 30 June 2014 compared to EUR 352.5 million as of 31 December 2013.

CURRENT LIABILITIES

Total current liabilities inflated 39.4% to EUR 89.8 million as of 30 June 2014 from EUR 64.4 million as of 31 December 2013. Trade payables increased 41.2% to EUR 64.3 million as of 30 June 2014 compared to EUR 45.5 million as of 31 December 2013 due to extension of an average settlement period with suppliers and contractors during the reporting period. Other current liabilities increased 29.5% to EUR 22.9 million as of 30 June 2014 compared to EUR 17.7 million as of 31 December 2013, primarily reflecting the higher VAT, property tax and vacation payables during the reporting period. Interest payables increased to EUR 0.6 million as of 30 June 2014 (31.12.2013: EUR 0.1 million).

WORKING CAPITAL

As of 30 June 2014, net working capital of EUR 56.7 million, up 66.9% from EUR 34.0 million as of 31 December 2013, provided sufficient liquidity for the Company's operations.

NONCURRENT LIABILITIES

The Company's interest-bearing liabilities inflated 170.4% to EUR 48.4 million as of 30 June 2014 from EUR 17.9 million as of 31 December 2013. The Company had net debt of EUR 8.4 million as of 30 June 2014 compared to net cash of EUR 24.6 million as of 31 December 2013. Deferred tax liabilities increased 12.5% to EUR 20.8 million as of 30 June 2014 from EUR 18.5 million as of 31 December 2013. The increase primarily reflected differences in depreciation for tax and financial reporting purposes.

SHAREHOLDER EQUITY

As of 30 June 2014 the Company had subscribed capital of EUR 48.9 million and capital reserve of EUR 112.0 million. There had been no change to the Company's subscribed capital and capital reserve since 31 December 2013. Retained earnings improved 5.3% to EUR 161.6 million as of 30 June 2014 compared to EUR 153.5 million as of 31 December 2013. Currency translation reserve decreased to a deficit of EUR 65.9 million as of 30 June 2014 from a deficit of EUR 62.5 million as of 31 December 2013.

RISKS

The risk assessment by the Management Board has not changed since the publication of the 2013 Annual Report on 23 April 2014.

OUTLOOK

Despite recent EU and US economic sanctions and export controls for Russian oil industry, the Company maintains its positive outlook for the 2014 business prospects. The EU and the US export restrictions that have been imposed to date target specific projects pertaining to deep water, Arctic exploration and production and shale oil, which the Company has never been involved in. The Company has always rendered its services at onshore conventional oil and gas reservoirs in Russia and Kazakhstan and has no plans to change its business focus or the nature of its operations going forward. Furthermore, the Company has repeatedly stated that its 2014-16 investment program of EUR 390 million is intended to support customers' production from maturing conventional oil and gas reservoirs with diminishing productivity and not any of the restricted activity areas. The program is meant to expand the Company's operating capacities by 33% for fracturing, 55% for sidetracking and 170% for drilling by the end of 2016 compared to the end of 2013.

For 2014, the Company's maintenance and growth capital expenditures stand at around EUR 135 million, aiming primarily at successive addition of six drilling rigs, four sidetracking rigs and one fracturing fleet to the Company's operating capacities in August – December. To date, one sidetracking rig and a bulk of the fracking fleet components have been delivered to Russia. Thus far, manufacturing of the remaining operating capacities has been on schedule.

After having made the initial assessment, the Company is – despite its awareness that export controls are subject to change and that regulators have broad discretion when interpreting export controls – confident in its business model. The planned capacity additions are not intended for deep water, Arctic or shale oil projects. Therefore, the Company believes the latest EU and US export control rules for Russian oil industry do not jeopardize its business model, 2014 operating and financial objectives and 2014-16 investment program.

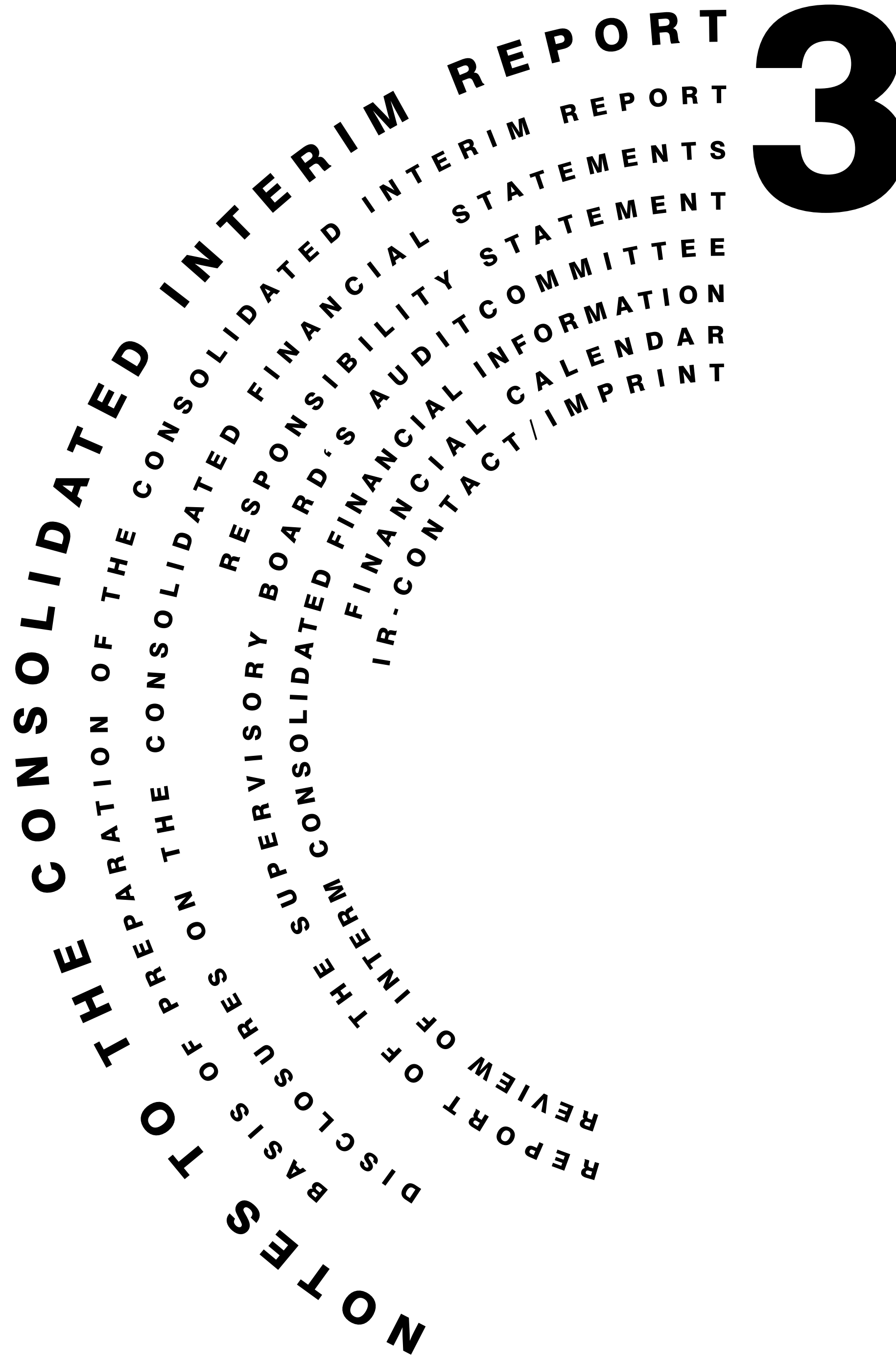
As of 28 August 2014, the Company's order book for 2014 improved by EUR 5 million or around 1% to EUR 428 million from EUR 423 million as of 27 May 2014, whereas orders beyond the current year stayed intact at EUR 357 million. As a result, the Company 2014-16 total order book increased to EUR 785 million (27 May 2014: EUR 780 million). Based upon the attained order book level and positive outlook for additional service orders going forward, the Company reiterates its guidance for 2014: revenues of EUR 420 to 450 million and EBITDA of EUR 113 to 121 million.

POST BALANCE SHEET DATE EVENTS

Except for the considerations mentioned in the outlook, there have been no post-balance sheet events.

Vienna, 28 August 2014
The Management Board

NOTES TO THE CONSOLIDATED INTERIM REPORT



NOTES TO THE GROUP INTERIM FINANCIAL REPORT

ACCOUNTING IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group interim financial report of C.A.T. oil AG for the quarter ended 30 June 2014 was prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standard Board (IASB) including the International Accounting Standards (IAS) and the Interpretations issued by the International Financial Reporting Standard Interpretations Committee (IFRIC).

The Group interim financial report for the period ended 30 June 2014 were prepared in accordance with IAS 34 and are condensed in scope compared with the consolidated financial statements as at 31 December 2013. Therefore, this interim financial report should be read in connection with the consolidated financial statements. A detailed description of the accounting policies is published in the notes as at 31 December 2013.

The Group interim financial report was subjected to an audit review by BDO Austria GmbH, Vienna, according to ISRE 2410.

ACCOUNTING POLICIES

The accounting pronouncements required to be applied for the first time in financial year 2014 have no impact on the presentation of the C.A.T. oil's earnings, financial and asset situation. A breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2013 Annual Report.

The accounting principles and practices as applied in the Group interim financial report correspond to those pertaining of the last annual consolidated financial statement as of 31 December 2013. The separate interim reports of the consolidated companies have been drawn up at the same balance sheet date as the Group interim financial report.

The income statement has been drawn up in accordance with the cost of sales method.

The Group interim financial report has been prepared in euros. All figures including previous year's figures are indicated in TEUR. By specifying in TEUR may arise rounding differences.

The Group interim financial report is published in German and English. The German version of the consolidated interim report is authoritative.

SCOPE OF CONSOLIDATION

The scope of consolidation is unchanged in comparison to the balance sheet date 31 December 2013.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

CURRENCY TRANSLATION

In the financial statements of the consolidated companies, prepared in local currency, transactions in foreign currency are valued at the respective rates valid during the performance months on the basis of the official exchange rates of the Russian and European Central banks. The financial statements of the Russian companies, prepared in the currency of the Russian Federation are translated in euros using the principle of the functional currency and the official exchange rates of the Russian Federation. The relevant exchange rates of the Russian Central Bank used for foreign currency translation in relation to the euro are as follows:

Currency (1 EUR=)	Closing rate 30.06.2014	Closing rate 31.12.2013	Average rate 2014	Average rate 2013
Russian Ruble (RUB)	45.8251	44.9699	47.9867	40.7444
US-Dollar (USD)	1.3626	1.3740	1.3718	1.3136

NONCURRENT ASSETS

Changes in selected noncurrent assets between 1 January and 30 June 2014:

TEUR	Carrying amount 01.01.2014	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 30.06.2014
Intangible assets	621	0	0	-16	112	493
Property, plant and equipment	196,051	42,784	188	-3,588	22,506	212,553
Goodwill	3,473	0	0	-79	0	3,394

Goodwill is subjected to an impairment testing at 1 July of any year. In our opinion there was no indication of impairment of noncurrent assets during the reporting period.

INVENTORIES

TEUR	30.06.2014	31.12.2013
Spare parts and other materials	15,523	13,719
Main raw material	2,768	3,537
Fuel and lubricants	1,995	2,375
	20,286	**19,631**

In the period 1 January to 30 June 2014, write-down of inventory reduced operating profit by TEUR 551 (previous year: TEUR 863).

CURRENT RECEIVABLES

TEUR	30.06.2014	31.12.2013
Trade receivables	119,292	73,483
Other receivables	6,260	5,118
	125,552	**78,601**

In the period 1 January to 30 June 2014, write-down of trade receivables reduced operating profit TEUR 490 (previous year: TEUR 2,099). The other receivables include receivables from income taxes in the amount of TEUR 1,047 (31.12.2013: TEUR 1,483).

EQUITY

Share capital amounted unchanged as of 30 June 2014 to TEUR 48,850 (31 December 2013: TEUR 48,850).

C.A.T. oil paid a dividend of TEUR 17,097 in the reporting period (previous year: TEUR 12,213).

DEFFERED TAX

Deferred tax assets and deferred tax liabilities are offset.

TEUR	30.06.2014	31.12.2013
Deferred tax assets:		
Tax losses	11,413	9,995
Valuation adjustments	1,410	808
Deferred expenses/Liabilities	808	1,003
Offset	-1,557	-937
	12,074	**10,869**
Deferred tax liabilities:		
Adjustments of fixed assets	17,663	15,912
Other noncurrent assets	104	128
Current assets	4,612	3,398
Offset	-1,557	-937
	20,822	**18,501**

NONCURRENT LIABILITIES

The noncurrent liabilities include financial liabilities against CAT. Holding (Cyprus) amounting to TEUR 48,400 (31 December 2013: TEUR 17,900).

CURRENT LIABILITIES

TEUR	30.06.2014	31.12.2013
Financial liabilities against related parties	649	147
Trade payables	64,280	45,514
Other liabilities	24,827	18,718
	89,756	**64,379**

The financial liabilities against related parties comprise interest expenses accrued up to 30 June 2014. Other liabilities include liabilities from income taxes in the amount of TEUR 1,878 (31 December 2013: TEUR 1,007).

COST OF SALES

TEUR	Q2 2014	Q2 2013	H1 2014	H1 2013
Raw materials	30,638	33,093	57,397	63,831
Direct costs	25,321	25,345	47,426	46,908
Depreciation	11,258	12,873	22,281	25,268
Wages and salaries	11,635	12,337	22,235	22,829
Provident and welfare expenses	3,655	3,544	6,973	6,843
Other sales costs	2,214	2,320	4,589	4,974
	84,721	**89,512**	**160,901**	**170,653**

Administrative expenses also include depreciation and amortization from 1 January to 30 June 2014 in the amount of EUR 337 (previous year: TEUR 173).

EARNINGS PER SHARE

Earnings per share are calculated in accordance with IAS 33 by dividing the net profit for the Group by the average number of shares. There is no dilutive effect.

TEUR		Q2 2014	Q2 2013	H1 2014	H1 2013
Common stock	thousand	48,850	48,850	48,850	48,850
Profit after tax	TEUR	15,769	14,020	25,256	21,201
Earnings per share	EUR	0.32	0.29	0.52	0.43

The financial performance of the discontinued operation affects the earnings per share insignificantly.

SEGMENT REPORTING

Segments are identified on the basis of the C.A.T. oil internal management and reporting. Segment reporting comprises two reportable segments: Well Services and Drilling, Sidetracking and IPM (Integrated Project Management).

The segment result is measured on the basis of operating income before other operating income as well as using measures such as EBIT and EBITDA. The reconciliation contains activities and other operations that do not represent segments. It also includes the consolidation adjustments between the segments.

H1 2014 TEUR	Well Services	Drilling Sidetracking IPM	Total segments	Reconciliation	Group
External sales	105,340	96,435	201,775	1,338	203,113
Group sales	1,577	321	1,898	-1,898	0
Total sales	**106,917**	**96,756**	**203,673**	**-560**	**203,113**
Segment results	**13,899**	**14,528**	**28,427**	**3,358**	**31,785**
EBIT	14,139	14,597	28,736	3,559	32,295
EBITDA	28,112	29,424	57,536	-2,623	54,913

H1 2013 TEUR	Well Services	Drilling Sidetracking IPM	Total segments	Reconciliation	Group
External sales	113,225	95,976	209,201	927	210,128
Group sales	1,485	447	1,932	-1,932	0
Total sales	**114,710**	**96,423**	**211,133**	**-1,005**	**210,128**
Segment results	**19,850**	**11,321**	**31,171**	**-2,715**	**28,456**
EBIT	20,193	11,344	31,537	-4,310	27,227
EBITDA	27,308	28,919	56,227	-3,558	52,669

RECONCILIATION

TEUR	H1 2014	H1 2013
Segment result	**28,427**	**31,171**
Unallocated activities	-3,430	-3,528
Discontinued operation	-90	-138
Consolidation	6,878	951
Segment result after reconciliation	**31,785**	**28,456**
Other operating income and expenses	510	-1,229
Operating result	**32,295**	**27,227**
Financial result	-233	-1,285
Consolidated profit before tax	**32,062**	**25,942**

RELATED PARTIES

As at 30 June 2014 the financial liabilities against CAT. Holding (Cyprus) were TEUR 48,400 (31 December 2013: TEUR 17,900). In the period 1 January to 30 June 2014, the interest expenses resulting from these financial liabilities amounted to TEUR 893 (previous year: TEUR 1,159). This corresponds to an average interest rate of 4.4 % - unchanged compared to the same period last financial year.

EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date.

Vienna, 28 August 2014
Board of Management

RESPONSIBILITY STATEMENT

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 gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, 28 August 2014
Board of Management

Manfred Kastner
Chief Executive Officer

Ronald Harder
Chief Financial Officer

Anna Brinkmann
Chief Operating Officer

Leonid Mirzoyan
Chief Corporate Finance Officer

REPORT OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

The interim report January to June 2014 and the statutory auditor's review report, which was compiled as the basis for assessing and appraising the condensed interim financial statement, were submitted to the Supervisory Board's Audit Committee. The documents were explained by the Board of Management and discussed with the statutory auditor. The Audit Committee accepted the condensed interim financial statement.

Vienna, 28 August 2014

Dr. Gerhard Strate
Chairman of the Supervisory Board

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying Interim Consolidated Financial Statements of

C.A.T. oil AG, Vienna,

comprising the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and selected explanatory notes, together with the management report, for the period from 1 January to 30 June 2014.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our responsibility is to express a conclusion on this interim financial information based on our review.

With reference to § 275 (2) Austrian Commercial Code our responsibility and liability in relation with evidenced financial losses due to gross negligence is limited to EUR 2 million. Our liability due to slight negligence is excluded according to the General Conditions of Contract for the Public Accounting Professions (AAB) of 8 March 2000, last revised on 21 February 2011, which are basis for our audit assignment. The limitation of our liability agreed with the client and published here also applies to third parties who undertake or refrain from activities on the basis of trust in our report.

SCOPE OF REVIEW

We conducted our review in accordance with laws and regulations applicable in Austria, especially in accordance with KFS/PG 11 “Standard on Review Engagements” and with International Standard on Review Engagements 2410 „Review of Interim Financial Information Performed by the Independent Auditor of the Entity“.

A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2012, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE HALF YEAR CONSOLIDATED MANAGEMENT REPORT AND THE STATEMENT BY THE MANAGEMENT ACCORDING TO § 87 AUSTRIAN STOCK EXCHANGE ACT

We have read the half year consolidated management report. In our opinion, the half year consolidated management report does not contain any obvious inconsistencies with the interim consolidated financial statements.
The interim consolidated financial information contains the responsibility statement by the management as required by § 87 (1) 3 Austrian Stock Exchange Act.

Vienna, 28.08.2014

BDO Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Markus Trettnak
Auditor

Mag. Klemens Eiter
Auditor

FINANCIAL CALENDAR

27.11.2014	Third Quarter Interim Report 2014

IR-CONTACT

C.A.T. oil AG
Kärntner Ring 11-13
A-1010 Wien

Phone: +43 1 535 23 20 - 0
Fax: +43 1 535 23 20 - 20

E-Mail: ir@catoilag.com
Internet: www.catoilag.com

IMPRINT

PUBLISHER
C.A.T. oil AG
Kärntner Ring 11-13
A-1010 Vienna

Phone: +43 1 535 23 20 - 0
Fax: +43 1 535 23 20 - 20

E-Mail: ir@catoilag.com
Internet: www.catoilag.com

EDITOR
C.A.T. oil AG
section.d design.communication gmbh

DESIGN AND PRODUCTION
section.d design.communication gmbh

PHOTOGRAPHY
Ulrich Lindenthal