HALF YEAR REPORT 2016

Petro Welt Technologies AG
energy in motion

KEY GROUP FIGURES

in EUR thousand	HY1 2016	HY1 2015	Change
Sales Revenues	140,848	168,507	(16.4)%
Gross profit	27,086	28,555	(5.1)%
EBIT	18,657	19,261	(3.1)%
EBIT margin	13.2%	11.4%	–
EBITDA	39,403	41,502	(5.1)%
EBITDA margin	28.0%	24.6%	–
Group result	14,920	12,807	16.5%
Earnings per share (EUR)	0.31	0.26	–
Balance sheet total [1]	355,917	301,260	18.1%
Equity [1]	189,303	145,475	30.1%
Equity ratio [1]	53.2%	48.3%	–
Cash flow from operating activities	25,056	45,337	(44.7)%
Capital expenditure	(5,906)	(44,062)	(86.6)%
Cash flow from financing activities	–	(2,645)	(100.0)%
Cash and cash equivalents	66,164	57,434	15.2%
EUR exchange rate at the end of reporting period	71.2102	79.6972	(10.6)%
EUR average exchange rate for the reporting period	78.3669	64.3057	21.9%
Employees (average)	3,192	3,334	(4.3)%

[1] As at 30 June 2016 and 31 December 2015 respectively

MANAGEMENT REPORT

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PERFORMANCE OF THE PETRO WELT TECHNOLOGIES GROUP

The change of the Company name of C.A.T. oil AG to Petro Welt Technologies AG was entered into the Commercial Register of Vienna on August 23, 2016. The name change has been legally and formally implemented.

EXTERNAL ENVIRONMENT

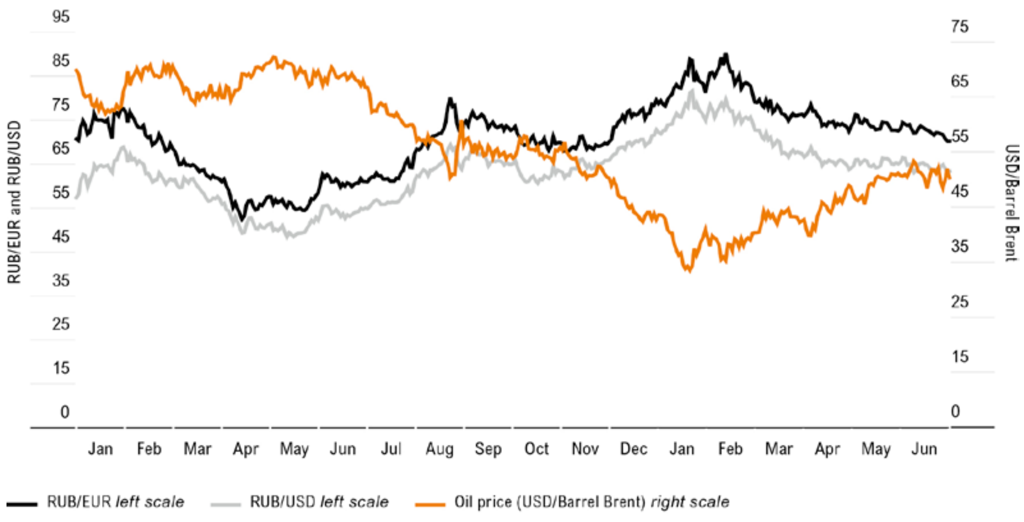
In the first six months of 2016 economic momentum in the Russian Federation was uneven across industries and regions. The willingness to invest is persistently declining or stagnating for quite a wide range of industries, including those that have traditionally been sources of Russian economic growth.

The Central Bank of the Russian Federation reduced the key interest rate to 10.5% per annum for the first time since July 2015. This was possible due to lower inflation expectations (the annual inflation rate stabilized at 7.2% in July). Moreover, a more positive situation prevailed on world commodity markets, which are still susceptible to volatility due to global political developments such as Brexit. The value of the Rouble against the Dollar has stabilized against the background of increasingly stable oil prices. However, inflation and exchange rate risks still remain.

The average price of Brent reduced from 59 USD per barrel in the first half of 2015 to 41 USD per barrel in the first half year of 2016, reflecting a drop of the average price of 31%. The year started with an oil price of 37.22 USD and within 20 days the price fell by almost one quarter of the value to 27.88 USD per barrel Brent. From this low the price increased steadily to 34.74 USD by the end of January, 35.97 USD by the end of February, 39.60 by the end of March, 48.13 USD by the end of April and then fluctuated in a range between 44 and 52 USD until the end of the second quarter. In order to compensate price factor Russian oil companies increased oil production by 2.9% from January to June 2016 that boosted crude oil export in physical volume by about 5%. Such development of oil and gas industries kept the demand to oilfield services. At the same time this physical increase was not sufficient to cover the price reduction and oil export expressed in hard currency declined by around 34%.

The growth of exploration industries by 2.6% combined with flat dynamics of manufacturing lead to stabilization of industrial production which demonstrated the small increase of 0.4% in the first half of the year. Thus, according to preliminary Rosstat estimation the GDP decline was limited by 1.2% in the observed period.

Currency and oil price development 2015/16



The beginning of 2016 marked the next stage of volatile exchange rates for the Russian Rouble. As the USD was traded at a level of 73.1 RUB on 1 January 2016, by the middle of the month its value rose to 80 RUB. The historic low was reached on 21 January 2016, when the dollar reached its maximum of 85 RUB. Simultaneously the oil price fell (see above). The Rouble to US-Dollar exchange rate on 30 June 2016 (64.3 RUB per USD) represents an increase of 11,8% compared to 31 December 2015. However, the weighted average rate for the first half of 2016 decreased by 22.4% compared to the same period of the previous year. The Rouble to Euro exchange rate showed a similar trend, diminishing the value by 21.9%.

OPERATIONAL HIGHLIGHTS

KAToil-Drilling was recognized as the best drilling contractor in the second quarter of 2016 by OOO "Gazpromneft – Orenburg". KATKoneft was recognized as the best fracturing contractor in the first and the second quarter of 2016 by OOO "RN - Yuganskneftegaz".

Service quality and safety measures is a main priority of Petro Welt Technologies AG. Management has launched a target program for the development of the quality of service and safety measures. Group companies introduced the system of distance training under this program to save travel expenses. This measure has a special value for the operating companies since it allows to improve qualification without leaving production process. Thanks to these measures our drilling units reduced the non-performing time in the second Quarter of 2016.

In 2016, KATKoneft started to apply the technology of washing the wellbore with coiled tubing, which improves the efficiency of service by reducing the duration of job and consumption of materials.

The shareholders of Petro Welt Technologies AG agreed in the 11th ordinary general meeting, held on 17 June 2016, in Vienna decided not to distribute dividend payment for the year 2015 based on the willingness to save and strengthen financial potential of the Group taking into account future investment opportunities and necessity to keep strong liquidity position in the conditions of economic turmoil. They also consented unanimously to change the name of the company into Petro Welt Technologies AG in due course (see page 8).

REVENUES

Consolidated sales revenues in Russian Roubles increased by 2% in the first half of 2016 in comparison with the same period of 2015. Consolidated revenue converted into Euros showed a 16.4% decrease, which is better than the 21.9% depreciation in value of the Russian Rouble against the Euro based on the average exchange rate in the first half of 2016 compared with the first half of 2015.

External revenues		HY1 2016	HY1 2015	Change	Change
Well Services	EUR million	79.9	92.8	(12.8)	(13.8)%
Jobs	Number	2,381	2,509	(128)	(5.1)%
Average Revenue	EUR thousand	33.6	37	(3.4)	(9.2)%
Share of revenues	%	56.8	55.1	–	–
Drilling, Sidetracking, IPM	EUR million	60.9	75.7	(14.8)	(19.6)%
Jobs	Number	155	135	20	14.8%
Average Revenue	EUR thousand	393.7	561.5	(167.8)	(29.9)%
Share of revenues	%	43.2	44.9	–	–
Group Management/ Consolidation	EUR million	–	–	–	–
Total	**EUR million**	**140.8**	**168.5**	**(27.7)**	**(16.4)%**

WELL SERVICES REVENUES

The 5.0% growth of Well Services segment revenue in Russian Roubles during the period under review is primarily due to the increase in the average revenue per job of 10.7% in Roubles.

In turn, the higher average revenue per job is attributable to the rise in the share of multi-stage fracturing operations, accounted for 33.5% of total fracturing volume or 599 jobs. The development of operations with a higher value added partially offset the Russian Rouble devaluation. Segment revenue in Euros fell by 13.8%, from EUR 92.8 million in the first half of 2015 to EUR 79.9 million in the first half year of 2016.

DRILLING, SIDETRACKING AND IPM REVENUES

Revenue of the Drilling, Sidetracking and IPM segment in Russian Roubles fell by 2.0% in the first two quarters 2016. The average revenue per job in Roubles was down 14.6% due to price pressure imposed upon oilfield services by major oil companies. However, this drop was compensated by a robust increase of 14.8% in the job count in connection with the geographical expansion of conventional drilling services mainly due to KAToil-Drilling diversification in Siberia and KATOBNEFT project on the southern oilfields in the Orenburg region under contract to OOO “Gazpromneft – Orenburg”. Segment revenue in Euros was down by 19.6%, it was reduced to EUR 60.9 million from January to June 2016 compared with EUR 75.7 million in the previous period.

EARNINGS

The cost of sales in Russian Roubles for the period under review fell by 0,9%, confirming the effectiveness of cost control measures designed to maintain profitability. This success primarily relates to the reduction in the rate of fuel consumption, spare parts and its costs due to import substitution. There was a perceptible effect arising from the transition to the centralized procurement of transportation and other services. Accordingly, relative costs decreased parallel to the increase in volumes. Price pressure from major oil companies also forced the management to negotiate optimized operating conditions with subcontractors, resulting in savings on industrial services. The cost of sales expressed in Euro were reduced from EUR 139.9 million to EUR 113.8 million, which is a decrease by 18.7%.

The administrative expenses, expressed in Euro, were reduced by 11.8% in the first six months of 2016 to EUR 8.5 million. In the same period of the previous year the rate of reduction amounted to 7.3%. This was made possible thanks to management efforts to keep expenses for administrative personnel and office infrastructure at a stable level.

The increase in interest income in the first half of 2016 took place as a consequence of the ongoing improvement in cash management, including the regular investment of free funds and the favorable level of bank interest rates.

The decrease in financial expenses in the reporting period is due to the reduction of financial liabilities (the Sberbank loan was totally repaid in the fourth quarter of 2015) and a decrease in foreign exchange losses. The financial result at 30 June 2016 shows a negative total of EUR 1 thousand after minus EUR 1.1 million at 30 June 2015.

The total effect of all these factors resulted in a positive year-on-year development in the profit before tax and net profit in Euros for the first time since 2014, with the two indicators showing growth of 2.9% and 16.5% respectively. Profit before tax amounted to EUR 18.7 million, profit after tax increased to EUR 14.9 million in the first half of 2016 after EUR 12.9 million in the same period of 2015.

EBITDA AND CASH FLOW

The EBITDA margin improved to 28.0% in the first half of 2016, compared to 24.6% in the prior-year period. This was also due to the higher gross profit margin (19.2% in the first half of 2016 compared to 16.9% in the first half of 2015), effective control of administrative costs and improvement of the net financial result (e.g. the difference between financial income and financial expenses). The moderate cash outflow from investing activities, which was related exclusively to the maintenance of current fixed assets, amounted to EUR 5.9 million. However, this outflow was offset by the positive impact related to changes in the RUB/EUR exchange rate to the amount of EUR 5.5 million. This was a negative effect with respect to the change in working capital, which was mainly due to the strict payment conditions in customer contracts. However, the overall change in cash and cash equivalents totaled EUR 37.7 million.

Accordingly, the managerial cash position which is calculated as the sum of cash and cash equivalents and bank deposits increased by 66% from EUR 40.3 million at the beginning of the reporting period to EUR 67.1 million as at 30 June 2016.

BALANCE SHEET

In the first half of 2016, total assets rose by 18.1% to EUR 355.9 million compared to the end of 2015. The most significant contribution to this development was the increase in trade receivables and inventories to the amount of EUR 25.6 million during the first six months of 2016. The increase in outstanding trade receivables to EUR 94.7 million related to the change in working capital can be directly attributed to tough contractual terms on the part of customers and the expansion of the client base. Equity increased by 30.1% to EUR 189.3 million at the end of the reporting period. As a result the equity ratio increased and reached a level of 53.2% on the reporting date of 30 June 2016 compared to 48.3% as at 31 December 2015.

RISK REPORT

The macroeconomic situation in our core market represented by Russia is stabilizing in H1 2016. Rouble lost the strong correlation with oil prices (now it consists less than 50% in the mid of year), oil prices are close to USD 48–50 per barrel, banking sector renewed profit growth. However, the probability of external shocks related to the volatility on the international commodities markets remain the essential risk which could affect Russian energy sector provoking financial fluctuations which are spreading in the overall economy. In such conditions oil majors keep very conservative financial policy and continue to limit costs that create several constraints for development of oil-fields services.

On the other hand, Russian oil companies follow global trend of strengthening requirements to the quality standards of outsourced services including drilling, fracturing, coiled tubing etc. These ambivalent circumstances lead to weakening of some oilfield service players and redistribution of market shares in several market segments. So, the efficient oilfield service companies should be very prudent in its choice of contractors and subcontractors.

Other risk touches the ability of Russia to keep already high market share on international crude oil market because the fragile world consumption and the peak of oil production combined with deficit of investment activity. It means the existence of risk of reduction of oil production that even in marginal quantity could exert a sensitive negative impact despite the possibly stable oil prices.

EVENTS AFTER THE BALANCE SHEET DATE

The change of the Company name of C.A.T. oil AG to Petro Welt Technologies AG was entered into the Commercial Register of Vienna on August 23, 2016. The name change has been legally and formally implemented.

In July 2016 the name change was also registered for the following Group companies: OOO KATOBNEFT (formerly - OOO CATOBNEFT), OOO KATKOneft (formerly - OOO CATKOneft), OOO KAToil-Drilling (formerly - OOO C.A.T. oil Drilling).

OUTLOOK

One of the main factors having a significant impact on the operations of the Petro Welt Technologies AG during the period under review is the development of the global oil market (oil prices). Falling energy prices in combination with ongoing Western sanctions means that Russia is facing a second straight year of recession, its longest downturn over the last 20 years. The International Monetary Fund and World Bank improved its forecasts of GDP dynamics for 2016 to -1.2% from -1.5%. Even post-recession, Russia's potential economic growth is seen at barely 2%, far from the almost 7% yearly expansion in the period 2000 to 2007.

Analysts forecast oil prices at a range of 50–60 USD per barrel till the end of 2016, with annual growth of oil and gas production at a level of 2%. However, the relatively low selling price and its volatility are forcing major oil companies to limit investment in the development of wells. For the oil service business, this results in continuing pressure on its prices. However, one positive factor at the present time is the consequence of the investment backlog since 2014, which should stimulate the need for applying different methods to increase oil production. In this regard, the strong market position of Petro Welt Technologies AG should positively affect the company's drilling volumes.

The positive dynamics of the job count and the price adjustments in Roubles is supported by the Petro Welt Technologies AG management policy of optimizing expenditures and investments. Activities will be implemented with a strong emphasis on planning, monitoring and modeling to maximize the unit value.

In the opinion of the management, all these measures are necessary to offset the continuing weakness of the Russian national currency and the lack of any substantial stimulus to growth within the Russian economy.

The positive development of financial data in the first half year of 2016 create a good basis for a reliable profit generation. We anticipate the sales revenue for 2016 to reach around EUR 293 million and we hope to keep the improved EBIT margin compared to the previous year at the range of 12–14%. This could permit to outperform last year's operational result which is expected to reach EUR 38–40 million in 2016.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed consolidated interim financial information give a true and fair view of the assets, liabilities, financial positions 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 consolidated interim financial information, 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, 26 August 2016

Management Board

Yury Semenov	**Valeriy Inyushin**
Chief Executive Officer	Chief Financial Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016

in EUR thousand	Notes	30 June 2016	31 December 2015
ASSETS			
Non-current assets		**157,264**	**156,410**
Intangible assets	2	37	97
Property, plant and equipment	2	155,536	154,469
Other assets		21	21
Deferred tax assets	6	1,670	1,823
Current assets		**198,653**	**144,850**
Inventories	3	23,165	17,017
Trade receivables	4	94,736	75,293
Bank deposits		902	11,857
Other receivables	4	12,226	11,206
Tax assets	4	1,460	1,012
Cash and cash equivalents		66,164	28,465
Balance sheet total		**355,917**	**301,260**
EQUITY AND LIABILITIES			
Equity		**189,303**	**145,475**
Share capital	5	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		210,295	195,375
Remeasurement of defined benefit plans		153	153
Currency translation reserve		(181,982)	(210,890)
Non-current liabilities		**105,725**	**104,152**
Non-current financial liabilities to related parties	7, 12	100,000	100,000
Deferred tax liabilities	6	4,883	3,310
Employee benefits		842	842
Current liabilities		**60,889**	**51,633**
Current financial liabilities to related parties	8	6,747	4,754
Trade payables	8	35,660	25,460
Other liabilities	8	17,474	20,567
Advance payments received	8	21	–
Income tax payables	8	987	852
Balance sheet total		**355,917**	**301,260**

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2016

in EUR thousand	Notes	Q2 2016	Q2 2015	HY1 2016	HY1 2015
Sales revenues		79,796	95,798	140,848	168,507
Cost of sales	9	(61,810)	(77,956)	(113,762)	(139,952)
Gross profit		**17,986**	**17,842**	**27,086**	**28,555**
Administrative expenses		(4,730)	(5,511)	(8,522)	(9,663)
Other operating (expenses)/income		(44)	179	93	369
Operating result		**13,212**	**12,510**	**18,657**	**19,261**
Finance income		1,201	922	2,279	2,010
Finance costs		(1,069)	(1,914)	(2,280)	(3,149)
Financial result		**132**	**(992)**	**(1)**	**(1,139)**
Profit before tax		**13,344**	**11,518**	**18,656**	**18,122**
Income tax	6	(2,664)	(4,152)	(3,661)	(5,278)
Profit after tax from continuing operations		**10,680**	**7,366**	**14,995**	**12,844**
Loss before tax from discontinued operation		(32)	(30)	(75)	(37)
Profit after tax		**10,648**	**7,336**	**14,920**	**12,807**
Basic earnings per share in EUR	10	0.22	0.15	0.31	0.26
Diluted earnings per share in EUR	10	0.22	0.15	0.31	0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2016

in EUR thousand	Notes	Q2 2016	Q2 2015	HY1 2016	HY1 2015
Profit after tax		**10,648**	**7,336**	**14,920**	**12,807**
Items that may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations:					
Functional currency	1	6,663	1,475	9,929	7,899
Net investments	1	13,003	7,677	20,064	23,911
Income tax effect related to net investments		(503)	1,530	(1,085)	1,345
Total other comprehensive income		**19,163**	**10,682**	**28,908**	**33,155**
Total comprehensive income		**29,811**	**18,018**	**43,828**	**45,962**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

in EUR thousand	Share capital	Capital reserve	Retained earnings	Remeasurement of defined benefit plans	Currency translation reserve: Functional currency	Currency translation reserve: Net investments	Total equity
Balance at 1 January 2015	48,850	111,987	180,933	133	(81,132)	(91,858)	168,913
Profit after tax	–	–	12,807	–	–	–	12,807
Foreign currency translation differences for foreign operations:							
Functional currency	–	–	–	–	7,899	–	7,899
Net investments, net of related tax	–	–	–	–	–	25,256	25,256
Comprehensive income			**12,807**		**7,899**	**25,256**	**45,962**
Dividends			(5,862)				(5,862)
Balance at 30 June 2015	**48,850**	**111,987**	**187,878**	**133**	**(73,233)**	**(66,602)**	**209,013**
Balance at 1 January 2016	48,850	111,987	195,375	153	(89,084)	(121,806)	145,475
Profit after tax	–	–	14,920	–	–	–	14,920
Foreign currency translation differences for foreign operations:							
Functional currency	–	–	–	–	9,929	–	9,929
Net investments, net of related tax	–	–	–	–	–	18,979	18,979
Comprehensive income			**14,920**		**9,929**	**18,979**	**43,828**
Balance at 30 June 2016	**48,850**	**111,987**	**210,295**	**153**	**(79,155)**	**(102,827)**	**189,303**

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

in EUR thousand	Notes	HY1 2016	HY1 2015
Profit before tax		**18,656**	**18,122**
Depreciation and amortization	2	20,746	22,241
Loss/(gain) on the disposal of fixed assets		39	(86)
Non-cash changes from profit tax / other positions		–	24
Loss/(gain) from exchange rate changes		290	(502)
Net finance income and costs		(289)	1,641
Income taxes paid		(3,382)	(5,620)
Change in Working Capital		**(11,004)**	**9,513**
Change in inventories		(3,743)	1,162
Change in trade and other receivables		(9,979)	5,277
Change in trade and other liabilities		2,718	3,074
Cash flows from operating activities		**25,056**	**45,337**
Purchase of property, plant and equipment		(5,906)	(44,062)
Proceeds from sale of equipment		1	289
Addition to the cash deposits		(46,989)	(5,658)
Withdrawal of cash deposits		57,875	–
Interest received		2,192	–
Cash flows used in investing activities		**7,173**	**(49,431)**
Cash proceeds from receiving of loans		–	(1,406)
Finance interest		–	(1,239)
Cash flows from financing activities		**–**	**(2,645)**
Effect of exchange rate changes on cash and cash equivalents		5,470	5,935
Net change in cash and cash equivalents		37,699	(804)
Cash and cash equivalents at 01 January		28,465	58,238
Cash and cash equivalents at 30 June		**66,164**	**57,434**
Of which: cash flows from discontinued operation			
Cash flows from operating activities		(24)	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE EU

The condensed consolidated interim financial statements, which comprise Petro Welt Technologies AG (the "Company") and its subsidiaries (together with the Company referred to as the "Group") as at and for the three and six months ended 30 June 2016 were prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union (EU) and as applicable for interim financial reporting.

In accordance with IAS 34 the condensed consolidated interim financial statements have been prepared on a condensed scope and, therefore, should be read in connection with the most recent consolidated financial statements prepared as at 31 December 2015.

ACCOUNTING POLICIES

The accounting pronouncements required to be applied for the first time in financial year 2016 have no impact on the presentation of Group's assets, finances and earnings situation. A breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements for the year ended 31 December 2015.

Accounting principles and practices as applied in the Group condensed consolidated interim financial statements correspond to those pertaining to the annual consolidated financial statements for the year ended 31 December 2015.

The consolidated income statement is presented in accordance with the cost of sales method.

The Group's condensed consolidated interim financial statements have been prepared in EUR. All figures are indicated in EUR thousand, except as stated otherwise. When indicating amounts in EUR thousand, rounding differences may arise.

The Group condensed consolidated interim financial statements are published in German and English language. The German version of the condensed consolidated interim financial statements prevails.

SCOPE OF CONSOLIDATION

The scope of consolidation is unchanged in comparison to the balance sheet date 31 December 2015.

1. CURRENCY TRANSLATION

In the interim financial statements of the consolidated companies, transactions in foreign currency are translated into the functional currency (which is usually the local currency of the country of domicile) 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 interim financial statements of the Russian companies are translated into the presentation currency (EUR) using the official exchange rates of the Russian Federation.

The relevant exchange rates used for foreign currency translation in relation to the EUR are as follows:

Currency (1 EUR=)	Closing rate as at 30 June 2016	Closing rate as at 31 December 2015	Average rate HY1 2016	Average rate HY1 2015
Russian Rouble (RUB)	71.2102	79.6972	78.3669	64.3057
US-Dollar (USD)	1.1082	1.4166	1.1154	1.1204

The relevant exchange rates used for foreign currency translation in relation to the US dollar are as follows:

Currency (1 USD=)	Closing rate as at 30 June 2016	Closing rate as at 31 December 2015	Average rate HY1 2016	Average rate HY1 2015
Russian Rouble (RUB)	64.2575	72.8827	70.2583	57.3968

2. NON-CURRENT ASSETS

Changes in selected non-current assets between 1 January and 30 June are as follows:

in EUR thousand	Carrying amount 1 January 2016	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 30 June 2016
Intangible assets	97	–	–	(30)	(30)	37
Property, plant and equipment	154,469	4,998	(63)	16,848	(20,716)	155,536

in EUR thousand	Carrying amount 1 January 2015	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 30 June 2015
Intangible assets	259	–	–	24	(84)	199
Property, plant and equipment	194,689	20,520	(203)	21,496	(22,157)	214,345
Goodwill	2,176	–	–	383	–	2,559

As at 30 June 2016 Property, plant and equipment includes advances given for property, plant and equipment in the amount of EUR 29 thousand (31 December 2015: EUR 387 thousand).

3. INVENTORIES

in EUR thousand	30 June 2016	31 December 2015
Spare parts and other materials	19,656	14,119
Raw material	1,590	1,560
Fuel and lubricants	1,919	1,338
	23,165	**17,017**

In the period 1 January to 30 June 2016, reversal of write-down of inventory increased operating profit by EUR 8 thousand (in the period 1 January to 30 June 2015: EUR 3 thousand decrease in operating profit).

4. CURRENT RECEIVABLES

in EUR thousand	30 June 2016	31 December 2015
Trade receivables	94,736	75,293
Other receivables	12,226	11,206
Tax assets	1,460	1,012
	108,422	**87,511**

In the period 1 January to 30 June 2016, write-down of trade receivables reduced operating profit by EUR 128 thousand (in the period 1 January to 30 June 2015: EUR 461 thousand).

Other current assets include receivable from related parties (C.A.T. Holding (Cyprus) Ltd.) amounted to EUR 7,716 thousand (31 December 2015: EUR 7,716 thousand).

5. EQUITY

Share capital as at 30 June 2016 amounted to EUR 48,850 thousand (31 December 2015: EUR 48,850 thousand).

6. DEFERRED TAX

in EUR thousand	HY1 2016	HY1 2015
Current tax expenses	3,095	4,543
Deferred tax expense (income) relating to the origination and reversal of temporary differences	348	(3)
Withholding tax	140	–
Income taxes from previous years	78	738
Current and deferred tax expenses	**3,661**	**5,278**

Income tax expenses of discontinued operations include expense in the amount of nil resulting from the tax expense under Austrian corporate tax law (in the period 1 January to 30 June 2015: EUR 4 thousand).

Deferred taxes relate to the following items:

in EUR thousand	30 June 2016 Deferred tax assets	30 June 2016 Deferred tax liabilities	31 December 2015 Deferred tax assets	31 December 2015 Deferred tax liabilities
Tax loss carryforwards	8,909	–	6,709	–
Deferred expenses/liabilities	218	(1,761)	505	(351)
Fixed assets/depreciation	–	(10,276)	–	(8,698)
Other	328	(631)	972	(624)
Netting	(7,785)	7,785	(6,363)	6,363
	1,670	**(4,883)**	**1,823**	**(3,310)**

7. NON-CURRENT LIABILITIES

As at 30 June 2016 non-current liabilities include financial liabilities against C.A.T. Holding (Cyprus) Ltd. amounted to EUR 100,000 thousand (31 December 2015: EUR 100,000 thousand).

8. CURRENT LIABILITIES

in EUR thousand	30 June 2016	31 December 2015
Financial liabilities against related parties	6,747	4,754
Trade payables	35,660	25,460
Other liabilities	17,474	20,567
Advance payments received	21	–
Income tax payables	987	852
	60,889	**51,633**

The financial liabilities against related parties comprise interest expenses accrued on the loans (see notes 7 and 12).

9. COST OF SALES

in EUR thousand	Q2 2016	Q2 2015	HY1 2016	HY1 2015
Raw materials	24,236	27,964	43,985	50,536
Direct costs	12,629	19,954	23,356	36,266
Depreciation	10,773	12,610	20,646	21,987
Wages and salaries	10,059	11,571	18,218	20,703
Social tax	3,143	3,683	5,763	6,698
Other costs	970	2,174	1,794	3,762
	61,810	**77,956**	**113,762**	**139,952**

10. 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.

in EUR thousand		Q2 2016	Q2 2015	HY1 2016	HY1 2015
Common stock	thousand	48,850	48,850	48,850	48,850
Profit after tax	TEUR	10,680	7,366	14,995	12,844
Earnings per share	EUR	0.22	0.15	0.31	0.26

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

11. SEGMENT REPORTING

For management purposes the Group is organized into business units based on their services, and has the following reportable operating segments:

- well services - services for hydraulic fracturing (operated by OOO KATKoneft);
- drilling, sidetracking, integrated project management (IPM) – services for conventional drilling, sidetrack drilling (operated by OOO KAToil-Drilling and OOO KATOBNEFT).

Management monitors operating results of its business units separately for the purpose of making decisions and performance assessment. Segment performance is evaluated based on financial information prepared in accordance to IFRS.

Transactions between the business segments are conducted on normal commercial terms and conditions. Reconciliation includes amounts related to corporate activities which are not allocated to operating segments and the reconciliation of the total reportable segments amounts to the financial statements.

Segment information as at and for the six months ended 30 June 2016 and 30 June 2015 is presented below.

Reporting segments HY1 2016:

in EUR thousand	Well Services	Drilling Sidetracking IPM	Total segments	Reconciliation	Group
External sales	79,763	61,079	140,842	6	140,848
Group sales	495	248	743	(743)	–
Total sales	**80,258**	**61,327**	**141,585**	**(737)**	**140,848**
Operating result	**14,278**	**6,889**	**21,167**	**(2,510)**	**18,657**
Interest income and expenses					289
Other financial result					(290)
Profit before tax					**18,656**
Income tax					(3,661)
Profit after tax					**14,995**

Reporting segments HY1 2015:

in EUR thousand	Well Services	Drilling Sidetracking IPM	Total segments	Reconciliation	Group
External sales	92,767	75,740	168,507	–	168,507
Group sales	961	343	1,304	(1,304)	–
Total sales	**93,728**	**76,083**	**169,811**	**(1,304)**	**168,507**
Operating result	**19,424**	**3,657**	**23,081**	**(3,820)**	**19,261**
Interest income and expenses					(1,641)
Other financial result					502
Profit before tax					**18,122**
Income tax					(5,278)
Profit after tax					**12,844**

12. RELATED PARTIES

As at 30 June 2016 the non-current financial liabilities against C.A.T. Holding (Cyprus) Ltd. amounted to EUR 100,000 thousand (31 December 2015: EUR 100,000 thousand). In the period 1 January to 30 June 2016, the interest expenses resulting from these financial liabilities amounted to EUR 1,993 thousand (in the period 1 January to 30 June 2015: EUR 2,058 thousand). This corresponds to an average interest rate of 3.87% (in the period 1 January to 30 June 2015: 4.4%).

The Group has conducted the following transactions with related parties:

in EUR thousand	Transaction value		Outstanding balance		Transaction description
	HY1 2016	HY1 2015	30 June 2016	31 Dec 2015	
Parent company:					
A2C Treuhand Wirtschaftsprüfungsgesellschaft mbH, Hamburg	–	162	–	–	Accounting services fee
Fairtune East Ltd., Nicosia	2	–	–	–	Rental fee
Subsidiaries:					
CAT GmbH Consulting Agency Trade (Cyprus) Ltd., Nikosia	486	405	133	183	Consulting
Fairtune East Ltd., Moscow	168	270	61	33	Rental fee

Remuneration of key management personnel was as follows:

Management Board remuneration

in EUR thousand	HY1 2016	HY1 2015
Management Board remuneration	272	182

The amount of bonus of Management Board members for 2015, paid in 2016, amounted to EUR 593 thousand.

Second level management remuneration

in EUR thousand	HY1 2016	HY1 2015
Second level management salaries	349	367

Additional information on transactions and balances with related parties is disclosed in notes 7 and 8.

13. FINANCIAL INSTRUMENTS

Carrying amounts of Financial Instruments were as follows:

Financial assets measured at amortised costs

in EUR thousand	30 June 2016	31 December 2015
Cash and cash equivalents	66,164	28,465
Bank deposits	902	11,857
Trade receivables	94,736	75,293
Receivables from related parties	7,945	7,794
Other short term receivables	771	913
	170,518	**124,322**

Financial liabilities measured at amortised costs

in EUR thousand	30 June 2016	31 December 2015
Long term debts	100,000	100,000
Short term debts	6,747	4,754
Trade payables	35,660	25,460
Other short term payables	1,843	2,783
	144,250	**132,997**

Group's financial instruments carrying amounts correspond to the fair value. There were no financial instruments measured at fair value as at the reporting date.

14. LITIGATIONS AND CLAIMS

On 10 April 2015 the Company filed a statement of facts at the Central Public Prosecutor's Office for the Prosecution of Economic Crimes and Corruption in Vienna. The statement of facts refers to circumstances, which set out reasons substantiating reasonable suspicion of breach of trust that came to the attention of the new Management Board. With filing dated 9 September 2015 the

Company extended its private claim to EUR 27,500 thousand. Since the investigations are still at an early stage, further developments and outcome, including the actual loss of the Company in this regard, are not yet possible to determine reliably.

The criminal complaint relates to transactions in connection with a procurement system, which was established at the Group in recent years. In purchasing fixed assets for business operations of subsidiaries of Petro Welt Technologies AG, companies not belonging to the Group were used as intermediaries. Since the investigations are still at an early stage, further developments and outcome, including the actual loss of the Company in this regard, are not yet possible to determine reliably.

Petro Welt Technologies AG filed against former members of Management Board claim amounting to EUR 1,540 thousand due to the unlawful and premature payment of compensation. Petro Welt Technologies AG is currently assessing potential claims regarding the activities of its subsidiary Petro Welt GEODATA GmbH (formerly C.A.T. GEODATA GmbH), which generated significant operational losses in the past. For that reason, Petro Welt Technologies AG filed a criminal complaint to the Public Prosecutor's Office in Vienna on 17 November 2015 within the pending criminal proceedings. It is uncertain at this stage if at all and in which amount these losses are in connection with potential criminal activities. These questions will be subject to the investigations of the Public Prosecutor.

15. EVENTS AFTER THE REPORTING DATE

The change of the Company name of C.A.T. oil AG to Petro Welt Technologies AG was entered into the Commercial Register of Vienna on August 23, 2016. The name change has been legally and formally implemented.

In July 2016 the name change was also registered for the following Group companies: OOO KATOBNEFT (formerly - OOO CATOBNEFT), OOO KATKOneft (formerly - OOO CATKOneft), OOO KAToil-Drilling (formerly - OOO C.A.T. oil Drilling).

Vienna, 26 August 2016

Board of Management

Yury Semenov	**Valeriy Inyushin**
Chief Executive Officer, CEO	Chief Financial Officer, CFO

FINANCIAL CALENDAR

25 November 2016	**Publication of Q3 interim report**

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