INTERIM REPORT FOR THE FIRST THREE QUARTERS OF 2016

Petro Welt Technologies AG
energy in motion

KEY GROUP FIGURES

in EUR thousand	Q1–Q3 2016	Q1–Q3 2015	Change
Sales Revenues	228,214	254,607	(10.4)%
Gross profit	46,643	49,663	(6.1)%
EBIT	33,709	34,057	(1.0)%
EBIT margin	14.8%	13.4%	–
EBITDA	65,597	67,436	(2.7)%
EBITDA margin	28.7%	26.5%	–
Group result	27,966	22,812	22.6%
Earnings per share (EUR)	0.57	0.47	–
Balance sheet total [1)]	378,165	301,260	25.5%
Equity [1)]	203,804	145,475	40.1%
Equity ratio [1)]	53.9%	48.3%	–
Cash flow from operating activities	48,022	48,193	(0.4)%
Capital expenditure	(10,547)	(48,493)	(78,3)%
Cash flow from financing activities	–	(19,275)	(100.0)%
Cash and cash equivalents	55,117	33,039	66.8%
EUR exchange rate at the end of reporting period [1)]	70.8823	79.6972	(11.1)%
EUR average exchange rate for the reporting period	76.2805	66.2618	15.1%
Employees (average)	3,224	3,311	(2.6)%

[1)] As at 30 September 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 from C.A.T. oil AG to Petro Welt Technologies AG was entered into the Commercial Register of Vienna on 23 August 2016. Accordingly, the name change has been legally and formally implemented.

EXTERNAL ENVIRONMENT

The overall economic environment in Russia has undergone significant changes during the first nine months of 2016. The year began with low oil prices and the continuing downward trend of the Russian Rouble. The average USD/RUB exchange rate in January 2016 was 76.3 Roubles. The price of Brent crude oil in January reached a low of USD 27.88 per barrel. These facts combined with the high inflation expectations on the part of market participants led to reduced interest in the Russian economy, reducing investments and generating an overall economic decline.

However, the third quarter of 2016 was characterized by a stabilization of oil prices, the strengthening of the Russian national currency and a revival in industrial activity while retaining dissimilarities across regions and industries. In Q3 2016, the average USD/RUB exchange rate was about 64.6 Roubles per US dollar, and Brent crude oil was sold at a price of USD 47.02 per barrel.

Currency and oil price development 2015/16

The USD/RUB exchange rate (63.1581 RUB per USD) at the end of reporting period on 30 September 2016 represents an appreciation of the Rouble by 13.3% compared to 31 December 2015. However, the weighted average rate for the first nine months of 2016 decreased by 15.3% compared to the prior-year period. The RUB/EUR exchange rate showed a similar trend, diminishing in value by 15.1%.

In connection with the volatility of oil prices, Russian oil companies increased oil production by 2.4% from January to September 2016, increasing the volume of crude oil exports in terms of barrels by about 6.4%. However, the increased production was not sufficient to offset the reduction in oil selling prices, and oil exports in hard currency declined by around 26.9%. This factor stimulated the growth of drilling activity by about 18% in the first three quarters of 2016.

OPERATIONAL HIGHLIGHTS

Petro Welt Technologies AG, Vienna, concluded the acquisition of the Kazakh fracturing subsidiary of the Canadian oilfield services company Trican Well Service Ltd., Calgary on 1 September 2016. The acquired firm, which was renamed Petro Welt Technologies Kazakhstan Limited Liability Partnership, is specialized in fracturing and actively serves a number of international and local customers throughout Kazakhstan. The business activities of the company, the technologies in use and the quality of the services offered are complementary to the fracturing segment of Petro Welt Technologies in Kazakhstan. So, it is anticipated that the deal will produce beneficial synergies for the Group. The integration of the acquired company in the corporate structures of Petro Welt Technologies AG will be completed by the end of the year. This acquisition will strengthen the market position of Petro Welt Technologies AG in the CIS markets and attract new customers. In September 2016, Petro Welt Technologies Kazakhstan LLP contributed revenue of EUR 278 thousand and a net profit of EUR 62 thousand to the business results of the Group.

REVENUES

The Group generates revenues primarily in Russian Roubles (about 1.3% is contributed by the Kazakh business). In the first nine months of 2016, it increased by 3.2% compared to the previous year if the reporting currency was the Russian Rouble. Consolidated revenue converted into Euro showed a 10.4% decrease, which is better than the 15.1% depreciation in value of the Russian Rouble against the euro based on the average exchange rate in the first nine months of 2016 compared to the prior-year period.

External revenues		Q1–Q3 2016	Q1–Q3 2015	Change	Change
Well Services	EUR million	127.2	137.6	(10.4)	(7.6)%
Jobs	Number	3,832	3,705	127	3.4%
Average revenue per job	EUR thousand	33.2	37.1	(3.9)	(10.5)%
Share of revenues	%	55.7	54.0	–	–
Drilling, Sidetracking, IPM	EUR million	101.0	117.0	(16.0)	(13.7)%
Jobs	Number	241	226	15	6.6%
Average revenue	EUR thousand	419.1	517.7	(98.6)	(19.0)%
Share of revenues	%	44.3	46.0	–	–
Total	**EUR million**	**228.2**	**254.6**	**(26.4)**	**(10.4)%**

WELL SERVICES REVENUES

Segment revenue in Euros fell by 7.6%, from EUR 137.6 million in the first nine months of 2015 to EUR 127.2 million in the first three quarters of 2016.

The 6.4% increase in revenues of the Well Services segment in Russian Roubles during the period under review is primarily due to the 2.9% increase in the average revenue per job in Roubles, and the successful fulfillment of the production program.

In turn, the higher average revenue per job in Roubles is attributable to the rise in the share of multi-stage fracturing operations, accounting for 38% of total fracturing volume or 1,115 jobs. The development of operations with a higher value added partially offset the devaluation of the Russian Rouble.

DRILLING, SIDETRACKING AND IPM REVENUES

Segment revenue in Euros was down by 13.7% to EUR 101 million in the period January to September 2016 compared with EUR 117.0 million in the previous year.

Revenue of the Drilling, Sidetracking and IPM segment in Russian Roubles fell by 0.6% in the first nine months of 2016. The average revenue per job in Roubles was down by 6.6% due to the price pressure imposed upon oilfield services by major oil companies. However, this drop was compensated by the 6.6% rise in the job count in connection with the geographical expansion of conventional drilling services. The IPM portfolio has expanded since June 2016, improving the dynamics of segment revenue and generating effects which are expected to become evident by the end of 2016.

COST OF SALES

The cost of sales in Russian Roubles climbed 2.0% during the period under review. The fact that costs are rising at a slower pace compared to revenue confirms the effectiveness of the cost control measures. Multi-stage fracturing involves changing the cost structure in connection with the reduction of transport services per job. Optimized operating conditions with subcontractors served as the basis for maintaining profitability. The cost of sales converted into Euro was reduced from EUR 204.9 million to EUR 181.6 million, comprising a decrease of 11.4%.

FINANCIAL INCOME AND EXPENSES

The increase in interest income in the first nine months 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 (Sberbank loan was totally repaid in the fourth quarter of 2015). The financial result at 30 September 2016 shows a total of EUR 619 thousand compared to minus EUR 464 thousand as at 30 September 2015.

EARNINGS

The profit before tax and the net profit (in Euros) increased by 2.2% and 22.9% respectively. The positive development of the profit before tax was mainly shaped by the improved ratio of revenue vs. cost of sales and the ongoing continuing control of general and administrative expenses. The perceptible improvement in the net profit was made possible by a decrease in the effective tax rate from 32.1% in the first nine months of 2015 to 18.5% in the current reporting period. The profit before tax amounted to EUR 34.3 million, whereas the profit after tax increased to EUR 27.9 million in the first three quarters of 2016, up from EUR 22.7 million in the same period of 2015.

EBITDA AND CASH FLOW

The EBITDA margin improved to 28.7% during the period under review, compared to 26.5% in the prior-year period. This was also due to the higher gross profit margin (20.4% in the first nine months of 2016 compared to 19.5% in the previous year). Effective cost control and the improvement in the net financial result (e.g. the difference between financial income and financial expenses) enabled the Group to maintain its operating cash flow at the same level as in the first nine months of 2015 amounting to EUR 48,0 million. In turn, this served as the basis for financing the investment program and other vital purchases. The overall change in cash and cash equivalents totaled EUR 26.7 million.

Accordingly, the managerial cash position calculated as the sum of cash and cash equivalents and bank deposits increased by 113% from EUR 40.3 million at the beginning of the reporting period to EUR 85.8 million as at 30 September 2016.

BALANCE SHEET

As at 30 September 2016, total assets showed growth of 25.5% to EUR 378.2 million compared to the end of 2015. The most significant contribution to this development was the increase in current assets comprising the improved managerial cash position accompanied by the growth of working capital.

Equity increased by 40.1% to EUR 203.8 million at the end of the reporting period. As a result, the equity ratio also rose, reaching a level of 53.9% as at the reporting date of 30 September 2016 compared to 48.3% as at 31 December 2015.

RISK REPORT

Global commodity markets are volatile and sensitive to external shocks. This situation complicates the forecasting process and forces key players, including oil producers, to maintain a very conservative financial and investment policy. In turn, this dampens the development of the oilfield services market.

On the other hand, Russian oil companies follow the global trend of enhancing quality standards for outsourced services such as drilling, fracturing and coiled tubing. These circumstances have resulted in a weakening of some oilfield service players and a redistribution of market shares in several market segments. For this reason, efficient oilfield service companies should be very prudent in their choice of contractors and subcontractors.

Other risks involve the ability of Russia to maintain its already high market share on the international crude oil market in light of the fragile level of global consumption and the peak oil production combined with a lack of investment activity. The risk is that even a marginal reduction of oil quantities could have a perceptibly negative impact despite the possibly stable oil prices.

The results of the U.S. presidential elections led to the expected slight volatility on the market. However, the market for US Treasury bonds reflected the growth trend of securities with longer terms of maturity and the decrease of yields for bonds with short terms of maturity. It is a signal that investors are concerned about the long-term risks related to the election results.

EVENTS AFTER THE BALANCE SHEET DATE

No material events occurred after the balance sheet date.

OUTLOOK

The Russian manufacturing sector is maintaining its modest potential of growth in output as demonstrated by the consolidated PMI (Purchased Manager's Index) of business activity provided by the Russian "The Development Center" (independent center which produces macroeconomic analysis, research and forecasts) that rose steadily starting in May 2015, but remained negative until recently. Oil prices remain lower than they were a year ago. The volume of new orders for industrial products remains low. However, financial indicators included in the index (especially the volume of the money supply and stock prices of Russian companies) have shown an upward momentum, and this factor outweighs the impact of low oil prices and the weak domestic demand.

Despite the positive expectations for economic activity in Q4 2016, annual GDP is expected to drop by 0.5–0.7% for the entire year. This reflects the baseline scenario of the Bank of Russia using an average price of Urals crude oil at USD 41 per barrel in 2016. In 2017, the oil price is anticipated to be USD 40 per barrel, with GDP growth expected to reach a level of 0.5–1%, accompanied by an inflation rate of 4%.

The International Monetary Fund improved its forecast of Russia's GDP for 2017, which it expects to reach a growth rate of 1.1%.

Market participants anticipate inflation to be in excess of 4% by the end of 2016. This is due to the continuing risk of inflation inertia, the possible weakening of incentives for people to save and a real increase in wages which is not accompanied by productivity growth. Structural constraints in the development of the Russian economy still persist.

The positive development of the company's financial performance indicators during the first nine months of 2016 creates a sound basis for reliable profit generation. We anticipate sales revenue to reach approx. EUR 295–300 million in 2016, and we hope to maintain the improved EBIT margin compared to the previous year at the range of 13–15%. In turn, this could enable us to outperform last year's operating results and reach a level of EUR 39–41 million in 2016. This forecast does not take account of potential external economic shocks.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed consolidated interim financial statements provides 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. We also confirm that this interim report provides a true and fair view of important events that have occurred during the first nine months of the financial year and their impact on the condensed consolidated interim financial statements, and of the principal risks and uncertainties for the remaining three months of the financial year and of the major related party transactions to be disclosed.

Vienna, 25 November 2016

The Management Board

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

INTERIM
FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2016

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CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2016

in EUR thousand	Notes	30 September 2016	31 December 2015
ASSETS			
Non-current assets		**151,078**	**156,410**
Intangible assets	2	22	97
Property, plant and equipment	2	149,716	154,469
Other assets		21	21
Deferred tax assets	6	1,319	1,823
Current assets		**227,087**	**144,850**
Inventories	3	28,140	17,017
Trade receivables	4	99,165	75,293
Bank deposits		30,725	11,857
Other receivables	4	12,405	11,206
Tax assets	4	1,535	1,012
Cash and cash equivalents		55,117	28,465
Balance sheet total		**378,165**	**301,260**
EQUITY AND LIABILITIES			
Equity		**203,804**	**145,475**
Share capital	5	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		223,261	195,375
Remeasurement of defined benefit plans		153	153
Currency translation reserve		(180,447)	(210,890)
Non-current liabilities		**105,751**	**104,152**
Non-current financial liabilities to related parties	7, 12	100,000	100,000
Deferred tax liabilities	6	4,909	3,310
Employee benefits		842	842
Current liabilities		**68,610**	**51,633**
Current financial liabilities to related parties	8	7,733	4,754
Trade payables	8	40,666	25,460
Other liabilities	8	19,092	20,567
Advance payments received	8	99	–
Income tax payables	8	1,020	852
Balance sheet total		**378,165**	**301,260**

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2016

in EUR thousand	Notes	Q3 2016	Q3 2015	Q1–Q3 2016	Q1–Q3 2015
Sales revenues		87,366	86,100	228,214	254,607
Cost of sales	9	(67,809)	(64,992)	(181,571)	(204,944)
Gross profit		**19,557**	**21,108**	**46,643**	**49,663**
Administrative expenses		(4,541)	(5,051)	(13,063)	(14,714)
Other operating (expenses)/income		36	(1,261)	129	(892)
Operating result		**15,052**	**14,796**	**33,709**	**34,057**
Finance income		1,604	1,870	3,883	3,880
Finance costs		(984)	(1,195)	(3,264)	(4,344)
Financial result		**620**	**675**	**619**	**(464)**
Profit before tax		**15,672**	**15,471**	**34,328**	**33,593**
Income tax	6	(2,701)	(5,503)	(6,362)	(10,781)
Profit after tax from continuing operations		**12,971**	**9,968**	**27,966**	**22,812**
Loss before tax from discontinued operation		(5)	(75)	(80)	(113)
Profit after tax		**12,966**	**9,893**	**27,886**	**22,699**
Basic earnings per share in EUR	10	0.27	0.20	0.57	0.47
Diluted earnings per share in EUR	10	0.27	0.20	0.57	0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2016

in EUR thousand	Notes	Q3 2016	Q3 2015	Q1–Q3 2016	Q1–Q3 2015
Profit after tax		**12,966**	**9,893**	**27,886**	**22,699**
Items that may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations:					
Functional currency		551	(11,754)	10,480	(3,855)
Net investments		1,330	(43,051)	21,394	(19,141)
Income tax effect related to net investments		(346)	856	(1,431)	2,202
Total other comprehensive income		**1,535**	**(53,949)**	**30,443**	**(20,794)**
Total comprehensive income		**14,501**	**(44,056)**	**58,329**	**1,905**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

	Share capital	Capital reserve	Retained earnings	Remeasurement of defined benefit plans	Currency translation reserve		Total equity
in EUR thousand					Functional currency	Net investments	
Balance at 1 January 2015	48,850	111,987	180,933	133	(81,132)	(91,858)	168,913
Profit after tax	–	–	22,699	–	–	–	22,699
Foreign currency translation differences for foreign operations:							
Functional currency	–	–	–	–	(3,855)	–	(3,855)
Net investments, net of related tax	–	–	–	–	–	(16,939)	(16,939)
Comprehensive income			**22,699**		**(3,855)**	**(16,939)**	**1,905**
Dividends			(5,862)				(5,862)
Balance at 30 September 2015	**48,850**	**111,987**	**197,770**	**133**	**(84,987)**	**(108,797)**	**164,956**
Balance at 1 January 2016	48,850	111,987	195,375	153	(89,084)	(121,806)	145,475
Profit after tax	–	–	27,886	–	–	–	27,886
Foreign currency translation differences for foreign operations:							
Functional currency	–	–	–	–	10,480	–	10,480
Net investments, net of related tax	–	–	–	–	–	19,963	19,963
Comprehensive income			**27,886**		**10,480**	**19,963**	**58,329**
Balance at 30 September 2016	**48,850**	**111,987**	**223,261**	**153**	**(78,604)**	**(101,843)**	**203,804**

CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

in EUR thousand	Notes	Q1–Q3 2016	Q1–Q3 2015
Profit before tax		**34,328**	**33,593**
Depreciation and amortization	2	31,888	33,379
Loss/(gain) on the disposal of fixed assets		(284)	(113)
Non-cash changes from profit tax / other positions		–	(406)
Loss/(gain) from exchange rate changes		290	(1,587)
Net finance income and costs		(909)	2,051
Income taxes paid		(5,989)	(8,437)
Change in Working Capital		**(11,302)**	**(10,287)**
Change in inventories		(7,700)	71
Change in trade and other receivables		(12,353)	(13,745)
Change in trade and other liabilities		8,751	3,387
Cash flows from operating activities		**48,022**	**48,193**
Purchase of property, plant and equipment		(10,547)	(48,493)
Proceeds from sale of equipment		288	315
Addition to the cash deposits		(105,014)	(34,823)
Withdrawal of cash deposits		88,325	27,085
Interest received		3,453	–
Purchase of subsidiaries, net of cash transferred		(2,006)	–
Cash flows used in investing activities		**(25,501)**	**(55,916)**
Cash proceeds from receiving of loans		–	(11,990)
Dividends paid		–	(5,862)
Finance interest		–	(1,423)
Cash flows used in financing activities		**–**	**(19,275)**
Effect of exchange rate changes on cash and cash equivalents		4,131	1,799
Net change in cash and cash equivalents		26,652	(25,199)
Cash and cash equivalents at 01 January		28,465	58,238
Cash and cash equivalents at 30 September		**55,117**	**33,039**
Of which: cash flows from discontinued operation			
Cash flows (used in)/from operating activities		(76)	16

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 nine months ended 30 September 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 condensed 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 TEUR, except as stated otherwise. When indicating amounts in TEUR, 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 except for the below.

On 1 September 2016, the Group acquired 100% of the shares and voting interests in Sonamax Limited. Sonamax Limited was the sole owner of Trican Well Service Kazakhstan Limited Liability Partnership (was renamed to Petro Welt Technologies Kazakhstan Limited Liability Partnership on

27 September 2016) operating in hydraulic fracturing in the territory of the Republic of Kazakhstan. This acquisition will enable the Group to strengthen the position of fracturing in the territory of Republic of Kazakhstan and to attract new customers.

During September 2016 Petro Welt Technologies Kazakhstan LLP contributed revenue of TEUR 278 and net profit of TEUR 62 to the Group's results. If the acquisition had occurred on 1 January 2016, management estimates that consolidated revenue would have been TEUR 229,464 and consolidated net profit for the period would have been TEUR 27,928. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

Total consideration transferred amounted to USD 2,840,658 (EUR 2,550,191 converted into Euro at the exchange rate 1.1139 on the date of acquisition).

The Group incurred acquisition-related costs of TEUR 236 relating to external legal fees. These costs have been included in administrative expenses in the condensed consolidated statement of profit or loss.

The following table summarises the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Property, plant and equipment	Note 2	70,557
Inventories		670,757
Trade and other receivables		1,419,350
Cash and cash equivalents		544,684
Trade and other payables		(155,157)
Total identifiable net assets		**2,550,191**

As at the date of publication of the condensed consolidated interim financial statements as at 30 September 2016 the Group's management had no data on the fair value of the identifiable net assets prepared by an independent appraiser, so the value of the identifiable net assets are based on provisional estimates, pending completion of an independent valuation.

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 23 August 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).

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 September 2016	Closing rate as at 31 December 2015	Average rate Q1–Q3 2016	Average rate Q1–Q3 2015
Russian Rouble (RUB)	70.8823	79.6972	76.2805	66.2618
Kazakhstan tenge (KZT)	375.52	371.31	383.85	218.66
US-Dollar (USD)	1.1223	1.0935	1.1158	1.1178

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

Currency (1 USD=)	Closing rate as at 30 September 2016	Closing rate as at 31 December 2015	Average rate Q1–Q3 2016	Average rate Q1–Q3 2015
Kazakhstan tenge (KZT)	334.93	339.47	345.26	195.90
Russian Rouble (RUB)	63.1581	72.8827	68.3667	59.2777

2. NON-CURRENT ASSETS

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

in EUR thousand	Carrying amount 1 January 2016	Additions	Acquisition of subsidiary	Disposals	Currency translation	Depreciation and amorti-zation	Carrying amount 30 September 2016
Intangible assets	97	–	–	–	(31)	(44)	22
Property, plant and equipment	154,469	9,770	71	(168)	17,418	(31,844)	149,716

in EUR thousand	Carrying amount 1 January 2015	Additions	Acquisition of subsidiary	Disposals	Currency translation	Depreciation and amorti-zation	Carrying amount 30 September 2015
Intangible assets	259	–	–	(2)	(8)	(119)	130
Property, plant and equipment	194,689	27,651	–	(198)	(15,748)	(33,260)	173,134
Goodwill	2,176	–	–	–	(65)	–	2,111

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

3. INVENTORIES

in EUR thousand	30 September 2016	31 December 2015
Spare parts and other materials	24,203	14,119
Raw material	2,078	1,560
Fuel and lubricants	1,859	1,338
	28,140	**17,017**

In the period 1 January to 30 September 2016, reversal of write-down of inventory increased operating profit by TEUR 15 (in the period 1 January to 30 September 2015: TEUR 39).

4. CURRENT RECEIVABLES

in EUR thousand	30 September 2016	31 December 2015
Trade receivables	99,165	75,293
Other receivables	12,405	11,206
Tax assets	1,535	1,012
	113,105	**87,511**

In the period 1 January to 30 September 2016, write-down of trade receivables reduced operating profit by TEUR 136 (in the period 1 January to 30 September 2015, reversal of write-down of trade receivables increased operating profit by TEUR 247).

Other current assets include receivable from related parties (Petro Welt Holding Ltd.) amounted to TEUR 7,716 (31 December 2015: TEUR 7,716).

5. EQUITY

Share capital as at 30 September 2016 amounted to TEUR 48,850 (31 December 2015: TEUR 48,850).

6. DEFERRED TAX

in EUR thousand	Q1–Q3 2016	Q1–Q3 2015
Current tax expenses	5,760	7,745
Deferred tax expense (income) relating to the origination and reversal of temporary differences	388	1,369
Withholding tax	140	698
Income taxes from previous years	74	969
Current and deferred tax expenses	**6,362**	**10,781**

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 September 2015: TEUR 4).

Deferred taxes relate to the following items:

	30 September 2016		31 December 2015	
in EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax loss carryforwards	9,362	–	6,709	–
Deferred expenses/liabilities	445	(1,643)	505	(351)
Fixed assets/depreciation	–	(10,882)	–	(8,698)
Other	207	(1,079)	972	(624)
Netting	(8,695)	8,695	(6,363)	6,363
	1,319	**(4,909)**	**1,823**	**(3,310)**

7. NON-CURRENT LIABILITIES

As at 30 September 2016 non-current liabilities include financial liabilities against Petro Welt Holding Ltd. amounted to TEUR 100,000 (31 December 2015: TEUR 100,000).

8. CURRENT LIABILITIES

in EUR thousand	30 September 2016	31 December 2015
Financial liabilities against related parties	7,733	4,754
Trade payables	40,666	25,460
Other liabilities	19,092	20,567
Advance payments received	99	–
Income tax payables	1,020	852
	68,610	**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	Q3 2016	Q3 2015	Q1–Q3 2016	Q1–Q3 2015
Raw materials	26,579	25,168	70,564	75,703
Direct costs	15,600	15,037	38,956	51,303
Depreciation	11,073	11,081	31,719	33,068
Wages and salaries	10,905	10,545	29,123	31,248
Social tax	3,168	3,046	8,931	9,744
Other costs	484	115	2,278	3,878
	67,809	**64,992**	**181,571**	**204,944**

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		Q3 2016	Q3 2015	Q1–Q3 2016	Q1–Q3 2015
Common stock	thousand	48,850	48,850	48,850	48,850
Profit after tax	TEUR	12,971	9,968	27,966	22,812
Earnings per share	EUR	0.27	0.20	0.57	0.47

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 as adopted by the EU.

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 nine months ended 30 September 2016 and 30 September 2015 is presented below.

Reporting segments: Q1–Q3 2016:

in EUR thousand	**Well Services**	**Drilling Sidetracking IPM**	**Total segments**	**Reconciliation**	**Group**
External sales	127,167	101,041	228,208	6	228,214
Group sales	888	471	1,359	(1,359)	–
Total sales	**128,055**	**101,512**	**229,567**	**(1,353)**	**228,214**
Operating result	**25,306**	**12,214**	**37,520**	**(3,811)**	**33,709**
Interest income and expenses					909
Other financial result					(290)
Profit before tax					**34,328**
Income tax					(6,362)
Profit after tax					**27,966**

Reporting segments: Q1–Q3 2015:

in EUR thousand	**Well Services**	**Drilling Sidetracking IPM**	**Total segments**	**Reconciliation**	**Group**
External sales	136,941	116,359	253,300	1,307	254,607
Group sales	1,349	484	1,833	(1,833)	–
Total sales	**138,290**	**116,843**	**255,133**	**(526)**	**254,607**
Operating result	**30,654**	**9,196**	**39,850**	**(5,793)**	**34,057**
Interest income and expenses					(2,051)
Other financial result					1,587
Profit before tax					**33,593**
Income tax					(10,781)
Profit after tax					**22,812**

12. RELATED PARTIES

As at 30 September 2016 the non-current financial liabilities against Petro Welt Holding Ltd. amounted to TEUR 100,000 (31 December 2015: TEUR 100,000). In the period 1 January to 30 September 2016, the interest expenses resulting from these financial liabilities amounted to TEUR 2,978 (in the period 1 January to 30 September 2015: TEUR 2,958). This corresponds to an average interest rate of 3.9% (in the period 1 January to 30 September 2015: 3.9%).

The Group has conducted the following transactions with related parties:

in EUR thousand	Transaction value		Outstanding balance		Transaction description
	Q1–Q3 2016	**Q1–Q3 2015**	**30 Sep 2016**	**31 Dec 2015**	
Parent company:					
A2C Treuhand Wirtschafts-prüfungsgesellschaft mbH, Hamburg	–	162	–	–	Accounting services fee
Fairtune East Ltd., Nicosia	2	–	–	–	Rental fee
Subsidiaries:					
CAT GmbH Consulting Agency Trade (Cyprus) Ltd., Nikosia	731	744	122	183	Consulting
Fairtune East Ltd., Moscow	306	377	37	33	Rental fee

Remuneration of key management personnel was as follows:

Management Board remuneration

in EUR thousand	Q1–Q3 2016	Q1–Q3 2015
Management Board remuneration	410	259

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

Second level management remuneration

in EUR thousand	Q1–Q3 2016	Q1–Q3 2015
Second level management salaries	482	510

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 September 2016	31 December 2015
Cash and cash equivalents	55,117	28,465
Bank deposits	30,725	11,857
Trade receivables	99,165	75,293
Receivables from related parties	8,019	7,794
Other short term receivables	1,435	913
	194,461	**124,322**

Financial liabilities measured at amortised costs

in EUR thousand	30 September 2016	31 December 2015
Long term debts	100,000	100,000
Short term debts	7,733	4,754
Trade payables	40,666	25,460
Other short term payables	1,290	2,783
	149,689	**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 TEUR 27,500.

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 TEUR 1,540 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

No material events occurred after the balance sheet date.

Vienna, 25 November 2016

Board of Management

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

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