Consolidated financial statements and
independent auditor's report

BORETS INTERNATIONAL LIMITED

31 December 2012

Contents

Independent Auditor's Report

Consolidated Statement of Financial Position 1

Consolidated Statement of Comprehensive Income 3

Consolidated Statement of Cash Flows 4

Consolidated Statement of Changes in Equity 5

Notes to the Consolidated Financial Statements 7

Grant Thornton
Грант Торнтон

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders and Board of Directors
of Borets International Limited
office of Aleman,
Cordero, Galindo & Lee Trust (BVI) Limited,
PO Box 3175, Road Town, Tortola,
British Virgin Islands

We have audited the accompanying consolidated financial statements of Borets International Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Grant Thornton
Грант Торнтон

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRANT THORNTON ZAO

Moscow, Russian Federation
28 March 2013

Consolidated Statement of Financial Position

	Notes	**31 Dec 2012 USD'000**	31 Dec 2011 USD'000
ASSETS			
Non-current			
Property, plant and equipment	6	**245,776**	255,724
Intangible assets and goodwill	7	**111,241**	106,057
Other non-current assets	8	**9,384**	4,541
Deferred tax assets	17	**13,227**	12,135
		379,628	378,457
Current			
Inventories	9	**171,981**	147,372
Trade and other receivables	10	**120,470**	109,089
Current tax assets		**5,556**	1,507
Other assets	11	**25,180**	19,440
Short-term investments	12	**611**	993
Cash and cash equivalents	13	**81,455**	63,981
		405,253	342,382
Total Assets		**784,881**	720,839

Consolidated Statement of Financial Position

	Notes	**31 Dec 2012 USD'000**	31 Dec 2011 USD'000
EQUITY			
Attributable to the shareholders of the parent company			
Share capital	14	**6**	6
Share premium	14	**209,011**	209,011
Additional paid-in capital	15	**38,129**	38,129
Asset revaluation reserve		**91,527**	96,339
Translation reserve		**(31,624)**	(47,903)
Retained earnings		**224,008**	142,793
		531,057	438,375
Non-controlling interest		**2,422**	2,322
Total Equity		**533,479**	440,697
LIABILITIES			
Non-current			
Loans and borrowings	16	**83,468**	106,515
Deferred tax liabilities	17	**18,132**	22,856
		101,600	129,371
Current			
Loans and borrowings	16	**30,776**	42,292
Trade and other payables	18	**91,507**	83,895
Current tax liabilities		**1,045**	574
Other liabilities	19	**26,474**	24,010
		149,802	150,771
Total Liabilities		**251,402**	280,142
Total Equity and Liabilities		**784,881**	720,839

The consolidated financial statements were approved by the Board of Directors and signed on 28 March 2013.

Chief Executive Officer
Lev Stulberg

Chief Financial Officer
Sergei Churkin

Consolidated Statement of Comprehensive Income

	Notes	**2012 USD'000**	2011 USD'000
Sales revenue	20	**742,684**	706,552
Cost of sales	21	**(541,090)**	(531,650)
Gross profit		**201,594**	174,902
Selling and marketing expenses	22	**(6,167)**	(7,009)
Administrative expenses	23	**(102,122)**	(103,238)
Other operating expenses, net	24	**(11,049)**	(16,150)
Operating profit		**82,256**	48,505
Net finance costs	25	**(3,996)**	(17,906)
Profit before income tax		**78,260**	30,599
Income tax expense, net	26	**(1,454)**	(3,688)
Profit for the period		**76,806**	26,911
Other comprehensive income			
Changes in translation reserve		**16,150**	(12,188)
Changes in asset revaluation reserve due to revaluation of property, plant and equipment (net of deferred taxes)		**–**	64,920
Disposal of subsidiaries		**162**	–
Acquisition of subsidiaries		**(336)**	–
Other comprehensive income for the period, net of tax		**15,976**	52,732
Total comprehensive income for the period		**92,782**	79,643
Profit for the period attributable to:			
Shareholders of parent company		**76,836**	27,104
Non-controlling interest		**(30)**	(193)
Total profit for the period		**76,806**	26,911
Total comprehensive income attributable to:			
Shareholders of parent company		**92,682**	79,447
Non-controlling interest		**100**	196
Total comprehensive income for the period		**92,782**	79,643

Consolidated Statement of Cash Flows

	Note	**2012 USD'000**	2011 USD'000
Cash flows from operating activities			
Profit for the period before taxation		**78,260**	30,599
Adjustments for:			
Depreciation and amortisation		**50,908**	53,627
Impairment of obsolete inventory		**194**	5,630
Impairment and write-off of doubtful trade and other receivables		**2,308**	2,385
Interest income		**(1,384)**	(825)
Interest expense		**10,634**	12,377
Revaluation of short-term investments		**198**	712
Loss from disposal of property, plant and equipment		**3,903**	3,699
Loss from disposal of subsidiaries		**5,699**	–
Foreign exchange difference on non-operating activities		**(2,129)**	5,613
Loss on revaluation of property, plant and equipment		**–**	2,021
		148,591	115,838
Adjustments for:			
(Increase) in inventories in course of operational activities		**(38,838)**	(22,329)
(Increase) in trade and other receivables in course of operational activities		**(7,603)**	(28,594)
Increase in trade and other payables in course of operational activities		**5,273**	10,515
(Increase) / decrease in other assets and increase in other liabilities, net		**(4,537)**	3,975
Interest received		**1,384**	825
Interest paid		**(10,336)**	(10,905)
Income taxes paid		**(8,795)**	(5,766)
Net cash from operating activities		**85,139**	63,559
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		**(21,383)**	(17,626)
Development costs		**(9,314)**	(8,791)
Proceeds from disposal of property, plant and equipment		**631**	637
Acquisition of subsidiaries, net of cash acquired	5	**(912)**	(2,356)
Proceeds from disposal of short-term investments		**170**	615
(Contributions to) / repayment of bank deposits		**(2)**	124
Proceeds from disposal of subsidiaries		**470**	–
Investment in associate	5	**–**	(446)
Net cash used in investing activities		**(30,340)**	(27,843)
Cash flows from financing activities			
Proceeds from loans and borrowings		**5,096**	21,606
Repayment of loans and borrowings		**(43,257)**	(33,791)
Acquisition of non-controlling interest		**(366)**	–
Net cash used in financing activities		**(38,527)**	(12,185)
Effect of exchange rate changes on cash and cash equivalents		**1,202**	(3,617)
Net increase in cash and cash equivalents		**17,474**	19,914
Cash and cash equivalents at beginning of year	13	**63,981**	44,067
Cash and cash equivalents at end of year	13	**81,455**	63,981

Consolidated Statement of Changes in Equity

	Equity attributable to shareholders of parent company								
	Share capital USD'000	Share premium USD'000	Additional paid-in capital USD'000	Asset revaluation reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	**Total USD'000**	Non-controlling interest USD'000	**Total equity USD'000**
Balance as at 1 January 2011	**6**	**209,011**	**38,129**	**33,160**	**(35,823)**	**114,445**	**358,928**	**2,126**	**361,054**
Profit for the period	–	–	–	–	–	27,104	**27,104**	(193)	**26,911**
Other comprehensive income									
Asset revaluation reserve recognised during revaluation of property, plant and equipment (net of deferred taxes)	–	–	–	64,423	–	–	**64,423**	497	**64,920**
Release of asset revaluation reserve	–	–	–	(1,244)	–	1,244	**–**	–	**–**
Changes in translation reserve	–	–	–	–	(12,080)	–	**(12,080)**	(108)	**(12,188)**
Total comprehensive income for the period	**–**	**–**	**–**	**63,179**	**(12,080)**	**28,348**	**79,447**	**196**	**79,643**
Balance at 31 December 2011	**6**	**209,011**	**38,129**	**96,339**	**(47,903)**	**142,793**	**438,375**	**2,322**	**440,697**

Consolidated Statement of Changes in Equity (continued)

	Equity attributable to shareholders of parent company								
	Share capital	Share premium	Additional paid-in capital	Asset revaluation reserve	Translation reserve	Retained earnings	**Total**	Non-controlling interest	**Total equity**
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	**USD'000**	USD'000	**USD'000**
Balance as at 1 January 2012	**6**	**209,011**	**38,129**	**96,339**	**(47,903)**	**142,793**	**438,375**	**2,322**	**440,697**
Profit for the period	–	–	–	–	–	76,836	**76,836**	(30)	**76,806**
Other comprehensive income									
Disposal of subsidiaries	–	–	–	–	277	–	**277**	(115)	**162**
Acquisition of investments	–	–	–	–	–	(433)	**(433)**	97	**(336)**
Release of asset revaluation reserve	–	–	–	(4,812)	–	4,812	**–**	–	**–**
Changes in translation reserve	–	–	–	–	16,002	–	**16,002**	148	**16,150**
Total comprehensive income for the period	**–**	**–**	**–**	**(4,812)**	**16,279**	**81,215**	**92,682**	**100**	**92,782**
Balance at 31 December 2012	**6**	**209,011**	**38,129**	**91,527**	**(31,624)**	**224,008**	**531,057**	**2,422**	**533,479**

1. Background

1.1 Principal activities

The primary activities of Borets International Limited ("the Company") and its subsidiaries (together referred to as "the Group") are production and distribution of electrical submersible pumps (ESP) for oil extraction and related services. The production and sales facilities of the Group are located in Russia and in other parts of the world, mainly in the US, Canada, Egypt, Slovakia, Latin America, Middle East and China. The Group's total headcount as at 31 December 2012 was 8,648 (31 December 2011: 9,026).

The Company is a holding company originally incorporated and domiciled in Seychelles in November 1999. In 2008 the Company redomiciled to British Virgin Islands. The Company's registered office is office of Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, PO Box 3175, Road Town, Tortola, British Virgin Islands.

The Company is ultimately owned 61,5% by several individuals through intermediate legal entities and 38,5% by Weatherford International Limited, a publicly traded company. None of ultimate shareholders individually controls or owns a 50% or more interest in the Company. From its formation, the Group has expanded substantially through acquisitions of new companies and establishment of new businesses. A list of significant subsidiaries is presented in Note 33 "Principal subsidiaries".

1.2 Operating environment of the Group

Despite significant geographical diversification the largest part of the Group business is still concentrated in Russian Federation. Until recently Russia seemed relatively immune to turbulences in the world financial markets. However this may change if the world crisis aggravates.

The accompanying consolidated financial statements reflect current management's assessment of the impact of the current business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

The consolidated financial statements are prepared on the historical or amortised cost basis except that property, plant and equipment are revalued periodically, and investments in publicly traded securities designated as at fair value through profit or loss.

2.3 Functional and presentation currency

The presentation currency used in the preparation of these consolidated financial statements is United States Dollar ("USD"). Management has used the USD to manage most financial risks and exposures and to manage performance of the Group.

The functional currencies of the Group subsidiaries are chosen to reflect the economic substance of the underlying events and circumstances relevant for the given entity. Since 1 January 2007 the functional currency of Russian entities of the Group is Russian Rouble ("RUR"). Following USD/RUR exchange rates are applicable for Russia for the year ended 31 December 2012: opening rate — 32,1961, average rate — 31,0492, closing rate — 30,3727 (following USD/RUR exchange rates are applicable for Russia for the year ended 31 December 2011: opening rate — 30,4769, average rate — 29,3186, closing rate — 32,1961). The functional currencies of those subsidiaries outside Russia that carry out their operations with a significant degree of autonomy are chosen to reflect the economic substance of those operations. The functional currency of most other Group entities is USD. Financial information has been rounded to the nearest thousand USD.

2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies are described in the following notes:

- Trade and other receivables as described in Note 10 "Trade and other receivables";
- Allowance for inventory obsolescence as described in Note 9 "Inventories";
- Impairment of other assets as described in Note 7 "Intangible assets and goodwill";
- Defined-benefit obligation as described in Note 18 "Trade and other payables";
- Revaluation of property, plant and equipment as described in Note 6 "Property, plant and equipment";
- Tax contingencies as described in Note 30 "Contingencies".

2.5 Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the settlement of liabilities in the normal course of business.

3. Summary of significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the consolidated financial statements.

3.1 Subsidiaries and associates

Subsidiaries
Subsidiaries are those enterprises and businesses controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control effectively commences until the date that control effectively ceases. Where necessary accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Acquired subsidiaries are consolidated using the purchase method of accounting. This involves the revaluation at fair value of all identifiable assets and liabilities including contingent liabilities of the subsidiary as at the acquisition date regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their revalued amounts which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. The cost of acquisition is measured at fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange including costs directly attributable to the acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired the difference is recognised directly in the consolidated statement of comprehensive income.

Associates
Associates are those enterprises and businesses over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of investee's net assets. The profit or loss of the Group includes the Group's share of the profit or loss of the investee.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled enterprises are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.3 Segment information

In accordance with the requirements of IFRS 8 "Operating segments" the Group has opted not to report segment information in the consolidated financial statements unless there will be certain circumstances in place that directly require the Group to do so (e.g., issuance of publicly traded securities).

3. Summary of significant accounting policies (continued)

3.4 Foreign currency transactions

Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the consolidated statement of financial position date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated to the functional currency at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the foreign exchange rates at the date when the fair values were determined. Foreign exchange differences arising from translation are recognised in the consolidated statement of comprehensive income.

3.5 Property, plant and equipment

Property, plant and equipment are shown at fair value, based on periodic, at least every five years, valuations by external independent appraisers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

A revaluation increase on an item of property, plant and equipment is recognised directly in equity except to the extent that it reverses a previous revaluation decrease recognised in the consolidated statement of comprehensive income. A revaluation decrease on an item of property, plant and equipment is recognised in the consolidated statement of comprehensive income except to the extent that it reverses a previous revaluation increase recognised directly in equity.

Items of property, plant and equipment acquired after periodic revaluation are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes cost of materials, direct labour and an appropriate portion of production overheads. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in the consolidated statement of comprehensive income as an expense as incurred.

Rental tools represent property, plant and equipment (mainly Electrical Submersible Pumps) that are produced by the Group and held for use in the Group's supply of services. The recoverability of these rental tools will be through the stream of operational rent payments from customers.
Rental tools are accounted for using historical cost model.

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual assets. Land is not depreciated. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated useful lives are as follows:

Buildings	20 – 50 years
Machinery and equipment	4 – 15 years
Rental tools	2 – 5 years
Vehicles	3 – 7 years
Furniture, fixture and fittings	2 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

3. Summary of significant accounting policies (continued)

3.6 Intangible assets

Costs associated with research activities are expensed in the consolidated statement of comprehensive income as they occur. Costs that are directly attributable to the development phase of new or substantially improved products and services are capitalised if the product or process is technically and commercially feasible, the Group has sufficient resources to complete the development and such intangible asset is likely to generate economic benefits through internal use or sale. Directly attributable costs include cost of materials, direct labour and appropriate production overheads. All other development costs are expensed as incurred.

Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Such intangible assets are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks, licenses and patents, designs and prototypes	2 – 7 years
Software	2 – 3 years

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term bank deposits maturing within three months or for which the Group has a right to recall without significant penalties.

Bank borrowings are generally considered to be financing activities. However, in some countries, bank overdrafts which are repayable on demand form an integral part of an entity's cash management. In these circumstances, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

3. Summary of significant accounting policies (continued)

3.8 Financial instruments

Financial instruments are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial instruments is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular-way purchases of financial assets are accounted for at the settlement date. Financial instruments are initially measured at their fair values plus transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial instruments at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset or liability is classified in this category if acquired or incurred principally for the purpose of selling or repurchasing in the near term, or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit making, or is a derivative (except for a derivative that is designated and effective hedging instrument), or upon initial recognition, designated by management as at fair value through profit or loss. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as an asset. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as a liability.

Subsequent to initial recognition, the financial instruments included in this category are measured at fair value with changes in fair value recognised in profit or loss. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be reclassified.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any related impairment. Any changes in their values during the period, other than from cash payments or cash receipts, are recognised in the consolidated statement of comprehensive income.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective-interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or substantially all of the risks and rewards of ownership have been transferred. Any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

3. Summary of significant accounting policies (continued)

3.9 Impairment

The carrying amounts of Group's financial assets carried at amortised cost/cost and non-financial assets, not including deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Financial assets carried at amortised cost
The Group reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of loss is measured as difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivables original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgement to estimate the amount of any impairment loss.

Financial assets carried at cost
Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not be reliably measured. If there is objective evidence that such investments are impaired the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of loans and receivables are recognised in the consolidated statement of comprehensive income and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets
Non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

3. Summary of significant accounting policies (continued)

3.9 Impairment (continued)

All impairment losses in respect of non-financial assets are recognised in the consolidated statement of comprehensive income and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted-average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

3.11 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.12 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as interest expense.

Environmental costs
Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranty obligations
Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

3. Summary of significant accounting policies (continued)

3.13 Equity

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium.

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a decrease in equity.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

The revaluation reserve comprises gains and losses due to revaluation of property, plant and equipment. The translation reserve accounts for the foreign exchange differences arising as a result of translation from functional currencies to the presentation currency.

3.14 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

In the normal course of business the Group contributes to the statutory pension plans on behalf of its employees in the countries where the Group runs its business. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Defined benefit plans

Under the Group's defined benefit plans, the amount of lump sum payment that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group.

The liability recognised in the consolidated statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets, together with adjustments for past service costs.

Management estimates the DBO annually at each reporting date. This is mainly based on employee retention rate. Discount factors are determined close to each year-end by reference to high quality corporate bonds (or government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related defined benefit liability.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in wages, salaries and other related accruals, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

3. Summary of significant accounting policies (continued)

3.15 Taxation

Income tax on profit for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the period using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the change in the amount of income taxes payable (recoverable) in future periods in respect of the temporary taxable (deductible) differences and carry-forward of unused tax losses. Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability settled based on the tax rates that have been enacted or substantively enacted at the reporting date.

3.16 Revenue

Revenue from sale of goods is recognised in the consolidated statement of comprehensive income when significant risks and rewards of ownership have been transferred to the buyer. Revenue from rendering of services is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of transactions at the reporting date.

The stage of completion is assessed by reference to acts of acceptance signed by customers. No revenue is recognised if there are significant uncertainties regarding recoverability of the consideration due, associated costs or the possible return of goods.

3.17 Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Interest expense is recognised in the consolidated statement of comprehensive income in the amount of change of the carrying amount of liability other than from cash payments or cash receipts. All interest costs incurred in connection with borrowings, which are not directly attributable to the acquisition, construction or production of qualifying assets, are expensed as incurred.

3.18 Finance costs

Finance costs comprise interest expense on borrowings, interest income on funds invested, dividend income, bank fees and foreign exchange gains and losses recognised in the consolidated statement of comprehensive income.

4. New Standards and Interpretations

4.1 New standards and interpretations effective in the current period

The Group has adopted the following new or revised standards and interpretations issued by IASB and the International Financial Reporting Interpretations Committee (the IFRIC) which became effective for the Group's annual consolidated financial statements for the year ended 31 December 2012:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2011) — the amendments increase disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure in the asset;
- Amendments to IAS 12 "Income Taxes" (effective for annual periods beginning on or after 1 January 2012) — the amendments provide (for income tax calculation purposes) a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will, normally, be through sale.

The Group decided to adopt early Amendments to IAS 19 "Employee Benefits" (originally effective for annual periods beginning on or after 1 January 2013). The amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

- eliminate the 'corridor method', requiring entities to recognise all gains and losses arising in the reporting period;
- changes the measurement and presentation of certain components of defined benefit cost;
- enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The adoption of these new or revised standards did not have a material effect on the financial position or performance of the Group.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 9 "Financial Instruments" — The IASB aims to replace IAS 39 "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. Management have yet to assess the impact of this new standard on the Group's consolidated financial statements. However, management does not expect to implement IFRS 9 until all of its chapters have been published and they can comprehensively assess the impact of all changes.

4. New Standards and Interpretations (continued)

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

Consolidation Standards
A package of new consolidation standards is effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. Management is in the process of assessing the impact of these new and revised standards on the Group's consolidated financial statements.

IFRS 10 "Consolidated Financial Statements" — supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation — Special Purpose Entities". IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. However, the requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary remain the same. Management's provisional analysis is that IFRS 10 will not change the classification (as subsidiaries or otherwise) of any of the Group's existing investees at 31 December 2012.

IFRS 11 "Joint Arrangements" — supersedes IAS 31 "Interests in Joint Ventures". It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

IFRS 12 "Disclosure of Interests in Other Entities" — integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Transition guidance for IFRS 10, 11, 12 — Subsequent to issuing the new standards the IASB made some changes to the transitional provisions in IFRS 10, IFRS 11 and IFRS 12. The guidance confirms that the entity is not required to apply IFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also makes changes to IFRS 11 and IFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides additional relief by removing the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. The new guidance is also effective for annual periods on or after 1 January 2013.

Consequential amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — IAS 27 now only addresses separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

IFRS 13 "Fair Value Measurement" — clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to complete its assessment of their impact on the Group's consolidated financial statements.

4. New Standards and Interpretations (continued)

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

Amendments to IAS 1 "Presentation of Financial Statements" — require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will not change the current presentation of items in other comprehensive income and will not affect the measurement or recognition of such items.

Amendments to IAS 32 "Financial Instruments: Presentation" — add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- that some gross settlement systems may be considered equivalent to net settlement.

The Amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively. Management does not anticipate a material impact on the Group's consolidated financial statements from these Amendments.

Amendments to IFRS 7 — add qualitative and quantitative disclosures to IFRS 7 relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position. The Amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The required disclosures should be provided retrospectively. Management does not anticipate a material impact on the Group's consolidated financial statements from these Amendments.

Annual Improvements 2009–2011 (the Annual Improvements) — the Annual Improvements made several minor amendments to a number of IFRSs. The amendments relevant to the Group are summarised below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented);
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements;
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 and IAS 32 with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction;
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

4. New Standards and Interpretations (continued)

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The Annual Improvements noted above are effective for annual periods beginning on or after 1 January 2013. Management does not anticipate a material impact on the Group's consolidated financial statements from these Amendments.

5. Acquisition and disposal of subsidiaries and non-controlling interest

5.1 Acquisition of subsidiaries and non-controlling interest

5.1.1 Acquisition of OOO Amida and Amida Automation LLC (Amida)

In January 2012 the Group acquired 100% ownership in two entities: OOO Amida (Russia) and Amida Automation LLC (USA) from Good Speed Financial Services Inc, an entity controlled by the majority shareholders of the Group. The entities are engaged in development of the ESP related surface equipment (switchboards) and are incorporated in the Group operational structure. The total consideration paid in advance in December 2011 amounted to USD'000 1,950.

5.1.2 Acquisition of OOO Oskolneftemash (Oskol)

In August 2012 the Group acquired 100% ownership in the entity OOO Oskolneftemash (Russia) from Traden Enterprises Limited, an entity controlled by the majority shareholders of the Group. The entity will become a new ESP production site. Currently the production facilities are under construction, which is expected to be completed by the end of 2013. The total consideration paid amounted to USD'000 1,320 (RUR'000 42,502). The assessment of fair values of the acquired assets and liabilities was performed by management and the effect of this acquisition on the Group's financial position or results of operations is disclosed accordingly.

A summary of assets and liabilities acquired (as described in notes 5.1.1 and 5.1.2 above) is presented below:

	Fair value of assets and liabilities acquired in 2012		
	Amida USD'000	Oskol USD'000	Total USD'000
Assets			
Property, plant and equipment (Note 6)	2	163	165
Intangible assets (Note 7)	411	–	411
Deferred tax assets (Note 17)	721	101	822
Inventories	14	–	14
Receivables and other current assets	209	2,190	2,399
Cash and cash equivalents	23	786	809
	1,380	**3,240**	**4,620**
Liabilities			
Loans and borrowings	–	(2,974)	(2,974)
Payables and accruals	(227)	(43)	(270)
	(227)	**(3,017)**	**(3,244)**
Net identifiable assets	**1,153**	**223**	**1,376**
Share of the Group in the identifiable net assets	100%	100%	100%
Fair value of acquired net identifiable assets	**1,153**	**223**	**1,376**
Acquisition cost	1,950	1,320	3,270
Excess of cost over Group's interest in the net fair value of the acquired subsidiary's identifiable assets and liabilities (Note 7)	**797**	**1,097**	**1,894**
Consideration paid net of cash acquired	**1,927**	**534**	**2,461**

5. Acquisition and disposal of subsidiaries and non-controlling interest (continued)

5.1 Acquisition of subsidiaries and non-controlling interest (continued)

5.1.3 Acquisition of the additional 10% stake in Borets Seven Seas LLC

Since 2007 the Group owned 60% of Borets Seven Seas LLC (Oman). In September 2012 the Group acquired additional 10% of shares in Borets Seven Seas LLC for a total consideration of USD'000 366 (RUR'000 11,633). The excess of the cost of the acquisition over the acquired interest in the fair value of the net assets of the entity amounted to USD'000 433. The stake was acquired from Seven Seas Technical Services.

5.1.4 Acquisition of capillary line business in Canada

In March 2010 the Group acquired control over assets of Carbin Energies Ltd. The business acquired comprises undertakings, properties and assets as defined in the acquisition documents. The control was acquired for a total consideration of USD'000 1,569 (CAD'000 1,651) including costs related to acquisition. This consideration consisted of USD'000 580 (CAD'000 600) paid in March 2010 and obligation to pay USD'000 989 (CAD'000 1,051) in instalments during years 2011–2013. In February 2011 payment was made in the amount of USD'000 406 (CAD'000 400), another payment was made in the amount of USD'000 401 (CAD'000 400) in February 2012 and the rest is to be paid in 2013.

5.1.5 Participation in African ESP Limited

In 2011 the Group financed a 50% share in joint-stock company African ESP Limited domiciled in Dubai. The investment was treated as an "Investment in associate" in the Group's Financial Statements. In 2012 the Group reduced its share in African ESP Limited to 10% (refer to Note 5.2.3).

5.2 Disposal of subsidiaries and non-controlling interest

In the process of restructuring of its business the Group disposed of number of subsidiaries and associates in 2012 (refer to Note 24 "Other operating expenses, net").

5.2.1 Disposal of ZAO NPP Technologia

In May of 2012 the Group disposed of its powder metallurgy business which comprised ZAO NPP Technologia (85,71% of which belonged to the Group) as well as assets belonging to the Group's subsidiary OOO Meilin. The Group's interest in the net assets of ZAO NPP Technologia at the moment of disposal comprised USD'000 659. The accumulated translation reserve comprised USD'000 70. The value of the assets of OOO Meilin related to the disposed business equalled USD'000 5,235. The consideration received for disposal of the business comprised USD'000 472.

5.2.2 Liquidation of OOO Kontekko

In December of 2012 the Group closed its subsidiary, OOO Kontekko. The net assets of OOO Kontekko at the moment of closing equalled USD'000 0. The accumulated translation reserve comprised USD'000 207.

5.2.3 Disposal of 40% share of African ESP Limited

In July of 2012 the Group signed a share sale-purchase contract to sale 40% share in the associate entity, African ESP Limited (UAE). The share transfer has not yet been registered at the balance sheet date, however, management considers that the Group has no significant influence on the entity's decisions, therefore the Group recognises 10% share in these consolidated financial statements and, in accordance with IAS 28, accounts for the investment using the cost method. At 31 December 2012 the amount of investment was equal to USD'000 219 (31 December 2011: USD'000 446).

6. Property, plant and equipment

In thousands of USD	Land and buildings	Machinery and equipment	Rental tools	Vehicles	Fixtures and fittings	Assets under construction	Total
Cost / revalued amount							
At 1 January 2012	87,230	112,037	68,432	10,587	7,503	7,978	293,767
Acquisition of subsidiaries (Note 5)	–	–	–	–	5	160	165
Additions	1,667	4,045	261	1,952	2,045	5,737	15,707
Transferred from inventory	–	1,462	14,130	8	–	7,983	23,583
Disposals	(559)	(1,617)	(5,116)	(551)	(51)	(158)	(8,052)
Transferred to inventory	–	(2,972)	(12,970)	–	(14)	(163)	(16,119)
Disposal of subsidiaries	(1,927)	(2,567)	–	(17)	(25)	(1,368)	(5,904)
Transfers	1,667	5,932	5,945	(1,357)	56	(11,757)	486
Effect of translation to presentation currency	4,324	5,672	843	335	373	288	11,835
At 31 December 2012	**92,402**	**121,992**	**71,525**	**10,957**	**9,892**	**8,700**	**315,468**
Depreciation and impairment							
At 1 January 2012	–	–	38,043	–	–	–	38,043
Depreciation charge	4,540	17,248	17,376	3,937	2,465	–	45,566
Disposals	(51)	(276)	(4,260)	(151)	(8)	–	(4,746)
Transferred to inventory	–	(250)	(9,984)	–	(1)	–	(10,235)
Disposal of subsidiaries	(29)	(97)	–	(5)	(3)	–	(134)
Effect of translation to presentation currency	93	330	686	47	42	–	1,198
At 31 December 2012	**4,553**	**16,955**	**41,861**	**3,828**	**2,495**	**–**	**69,692**
Carrying value							
At 31 December 2012	**87,849**	**103,937**	**29,664**	**7,129**	**7,397**	**8,700**	**245,776**
At 1 January 2012	**87,230**	**112,037**	**30,389**	**10,587**	**7,503**	**7,978**	**255,724**

6. Property, plant and equipment (continued)

In thousands of USD	Land and buildings	Machinery and equipment	Rental tools	Vehicles	Fixtures and fittings	Assets under construction	Total
Cost / revalued amount							
At 1 January 2011	80,890	130,741	67,504	11,779	9,046	9,441	309,401
Additions	5,834	2,302	2,293	155	2,930	3,873	17,387
Transferred from inventory	9	22	21,828	–	15	5,118	26,992
Disposals	(800)	(3,762)	(1,240)	(1,848)	(2,253)	(1,064)	(10,967)
Transferred to inventory	–	–	(23,531)	–	–	(504)	(24,035)
Transfers	2,151	2,853	4,367	82	406	(9,859)	–
Effect of translation to presentation currency	(4,102)	(6,197)	(2,789)	(395)	(492)	(164)	(14,139)
At 31 December 2011	83,982	125,959	68,432	9,773	9,652	6,841	304,639
Depreciation and impairment							
At 1 January 2011	18,886	46,002	34,739	5,398	5,250	–	110,275
Depreciation charge	6,604	14,676	23,081	2,327	2,514	–	49,202
Disposals	(602)	(2,281)	(759)	(1,244)	(2,155)	–	(7,041)
Transferred to inventory	–	–	(17,809)	–	–	–	(17,809)
Effect of translation to presentation currency	(1,407)	(3,177)	(1,209)	(268)	(258)	–	(6,319)
At 31 December 2011	23,481	55,220	38,043	6,213	5,351	–	128,308
Carrying value At 31 December 2011 before revaluation	60,501	70,739	30,389	3,560	4,301	6,841	176,331
Revaluation	26,729	41,298	–	7,027	3,202	1,137	79,393
Revalued amounts at 31 December 2011	87,230	112,037	30,389	10,587	7,503	7,978	255,724
At 1 January 2011	62,004	84,739	32,765	6,381	3,796	9,441	199,126

Revaluation of assets

Management based their estimate of the fair value of the property, plant and equipment mostly on the results of the independent appraisals. The recent independent appraisals were performed by BDO. As at 31 December 2011 all categories of property, plant and equipment, except for rental tools, owned by the Group were evaluated in course of periodic valuation in accordance with the adopted accounting policy.

Three methods were used during the valuation of assets: Sales comparison approach, Income capitalisation approach and Cost approach. For assets of different classes the most appropriate and reliable method was selected subject to data availability. Method selected for individual classes of assets were as follows:

- Land — primarily sales comparison approach;
- Specialised buildings, plant and equipment which are unique and are never sold separately from the business they are part of — Depreciation Replacement Cost approach specifying an upper limit based on analysis of relevant sales comparison approach for particular asset type;
- Other items of plant and equipment — primarily sales comparison approach.

6. Property, plant and equipment (continued)

The test for adequate profitability of the assets and possible impairment was performed using discounted cash flow (DCF) method. DCF model included projections over 9 year period and was based on the following main assumptions:

- Conservative scenario with no step changes or business efficiency improvements;
- Revenue growth assumption — 4,83% for earlier periods gradually decreasing to 2%;
- Macroeconomic assumptions per official government forecasts;
- Discount rate — WACC estimated at 15% applied to USD cash flows;
- EBITDA margin: 16,5–12,2%.

Historical cost
The net book value of property, plant and equipment that would have been recognised under the historical cost method is USD'000 155,202 as at 31 December 2012 (31 December 2011: USD'000 159,290).

Assets under construction and equipment awaiting installation
During the period the Group has been acquiring equipment as part of the investment program. The balance as at 31 December 2012 mainly comprises equipment in the process of installation at manufacturing sites and service bases and buildings under construction. Costs to complete the installation are not material.

Disposal of property, plant and equipment
Disposals for the reporting period (as well as for comparative period) with significant residual value at the moment of disposal mainly relate to rental program, which involves sales of the assets to the customer once they prove their efficiency while exploited as rental tools. Carrying value of the rental tools sold during 2012 was USD'000 2,213 (2011: USD'000 6,048).

Transfer from Intangible assets to Property, plant and equipment
A part of development costs incurred in connection with the projects resulted in a tangible outcome, e.g., test rigs. In 2012 amounts related to such outcome were reclassified to Construction in progress or appropriate category of property, plant and equipment in total amount of USD'000 486 (2011: USD'000 0).

Transfer from Inventory to Property, plant and equipment
Some of finished goods produced by the group are used as rental tools and are accordingly classified by management. Also some inventories are used in construction. In 2012 amounts of inventory transferred to construction in progress, rental tools or other appropriate category of property, plant and equipment amounted in USD'000 23,583 (2011: USD'000 26,992).

Transfer from Property, plant and equipment to Inventory
From time to time rental tools can be sold to customers. In such cases the net book value of assets sold derecognised as fixed asset and recognised as inventory. Then it is recognised as cost of goods sold, see Note 21(Rental tools sold line). It may also happen that equipment recognised at PPE can be disassembled. The usable parts are then booked to inventory. In 2012 transactions of both types resulted in fixed assets transfers to inventory with a net book value of USD'000 5,884 (2011: USD'000 6,226).

7. Intangible assets and goodwill

In thousands of USD	Goodwill	Trademarks, licenses and patents, designs and prototypes	Software	Development costs	Total
Cost					
Cost at 1 January 2012	**82,148**	**21,271**	**2,718**	**10,874**	**117,011**
Acquisition of subsidiaries (Note 5)	**1,894**	**–**	**–**	**411**	**2,305**
Additions	**–**	**–**	**100**	**9,314**	**9,414**
Disposals	**–**	**(112)**	**(282)**	**(1,418)**	**(1,812)**
Transfers	**–**	**4,849**	**–**	**(5,335)**	**(486)**
Effect of translation to presentation currency	**–**	**1,158**	**26**	**338**	**1,522**
At 31 December 2012	**84,042**	**27,166**	**2,562**	**14,184**	**127,954**
Amortisation and impairment					
At 1 January 2012	**–**	**9,938**	**1,016**	**–**	**10,954**
Amortisation charge	**–**	**4,643**	**699**	**–**	**5,342**
Disposals	**–**	**(3)**	**(152)**	**–**	**(155)**
Effect of translation to presentation currency	**–**	**562**	**10**	**–**	**572**
At 31 December 2012	**–**	**15,140**	**1,573**	**–**	**16,713**
Carrying value					
At 31 December 2012	**84,042**	**12,026**	**989**	**14,184**	**111,241**
At 1 January 2012	**82,148**	**11,333**	**1,702**	**10,874**	**106,057**

7. Intangible assets and goodwill (continued)

In thousands of USD	Goodwill	Trademarks, licenses and patents, designs and prototypes	Software	Development costs	Total
Cost					
Cost at 1 January 2011	82,148	13,295	3,069	11,800	110,312
Additions	–	–	117	8,791	8,908
Disposals	–	–	(454)	(235)	(689)
Transfers	–	9,327	–	(9,327)	–
Effect of translation to presentation currency	–	(1,351)	(14)	(155)	(1,520)
At 31 December 2011	82,148	21,271	2,718	10,874	117,011
Amortisation and impairment					
At 1 January 2011	–	6,738	765	–	7,503
Amortisation charge	–	3,767	658	–	4,425
Disposals	–	–	(402)	–	(402)
Effect of translation to presentation currency	–	(567)	(5)	–	(572)
At 31 December 2011	–	9,938	1,016	–	10,954
Carrying value					
At 31 December 2011	82,148	11,333	1,702	10,874	106,057
At 1 January 2011	82,148	6,557	2,304	11,800	102,809

Goodwill

In 2008 the Group completed the purchase accounting for its acquisition of ESP business of subsidiaries of Weatherford Bermuda Holding Limited. At 31 December 2008 the carrying value of goodwill was attributed to the Group's cash-generating unit represented by acquired ESP business.

Due to high degree of cooperation within the Group achieved during 2009 and increased integrity of the business management believes that the Group now consists of only one cash-generating unit.

In March 2010 and January and August 2012 the Group acquired new businesses that are supplementary in respect of basic ESP business of the Group in Canada and in Russia, and thus relate to the same cash-generating unit.

That is why the goodwill is attributed to the Group as a whole and tested for impairment accordingly.

Subsequent upon the impairment test for the period ended on 31 December 2012, the carrying amount of goodwill is allocated to the following cash-generating units ("CGU"):

	At 31 December 2012 USD'000
Group as a whole	**84,042**

7. Intangible assets and goodwill (continued)

Management has performed goodwill impairment testing based on assumption of one CGU.

The recoverable amount of the cash-generating unit (Group as a whole) was determined based on value-in-use calculations, which uses cash flow projections based on financial forecasts covering a detailed six-year period, and a discount rate of 14.3% per annum.

Cash flow projections during the forecasted period are based on the same expected gross margins throughout the projected period. The cash flows beyond that six-year period have been extrapolated using a concervative 2.5% per annum growth rate assumption, which is significantly lower than management's assessment of the long-term average market growth rate. The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of cash-generating unit.

As a result of these calculations, management arrived at the value of the Group that is significantly higher than the net assets value and therefore no impairment of goodwill was recognised as at 31 December 2012 as well as at 31 December 2011.

8. Other non-current assets

Other non-current assets mostly represent advances paid to suppliers for property, plant and equipment (31 December 2012 USD'000 8,363; 31 December 2011 USD'000 1,450) and, at 31 December 2011, prepayment made at the end of 2011 for acquisition of a subsidiary in amount of USD'000 1,950 (see Note 5.1.1 "Acquisition of OOO Amida and Amida Automation LLC").

9. Inventories

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Raw materials and consumables	**102,711**	79,224
Work in progress	**15,744**	18,012
Finished goods and goods for resale	**66,652**	65,022
	185,107	162,258
Allowance for obsolete inventory	**(13,126)**	(14,886)
Total inventories	**171,981**	147,372

Group's core business is continuously changing subject to rapid technology changes, which may cause inventory obsolescence. Provision is determined based on management assessment of inventory realisable value. In determining net selling prices of inventory, management has taken into account the most reliable evidence available at the times the estimates were made.

9. Inventories (continued)

Movements in the allowance for obsolete inventory are as follows:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Balance at the beginning of the period	**14,886**	17,917
Charge for the period	**194**	5,630
Write-offs during the period	**(2,320)**	(8,378)
Translation to presentation currency	**366**	(283)
Balance at the end of the period	**13,126**	14,886

10. Trade and other receivables

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Trade receivables	**117,326**	104,632
Allowance for doubtful trade receivables	**(3,602)**	(4,798)
Trade receivables, net	**113,724**	99,834
Other receivables	**6,932**	9,255
Allowance for doubtful other receivables	**(186)**	–
Other receivables, net	**6,746**	9,255
Total trade and other receivables	**120,470**	109,089

Trade receivables are on average settled within 49 days (2011: 46 days) and do not bear any effective interest rate. There is a significant concentration of credit risk, as the amounts recognised mostly relate to a limited number of receivables from larger customers mostly based in Russia (see Note 29.2 "Credit risk analysis").

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Group does not hold any collateral as security over these balances.

Trade receivables that are past due but less than 6 months are not considered impaired unless there is indication that such impairment exists. The aging analysis of trade receivables that are overdue but not impaired is as follows:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Not more than 6 months	**20,117**	19,109
More than 6 months but not more than 1 year	**3,166**	4,770
More than 1 year	**727**	1,612
Total	**24,010**	25,491

10. Trade and other receivables (continued)

All of the Group's trade receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and as at 31 December 2012 an allowance for doubtful trade receivables in amount of USD'000 3,602 was created (31 December 2011: USD'000 4,798). The impaired trade receivables are mostly due from the entities that are experiencing financial difficulties or went bankrupt. The aging of these trade receivables is as follows:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Not more than 6 months	**111**	93
More than 6 months but not more than 1 year	**570**	273
More than 1 year	**2,921**	4,432
Total	**3,602**	4,798

Movements in the allowance for doubtful trade receivables are as follows:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Balance at the beginning of the period	**4,798**	5,383
Charge for the period	**2,294**	1,879
Recovered during the period	**(449)**	(179)
Write-offs during the period	**(3,077)**	(2,265)
Translation to presentation currency	**36**	(20)
Balance at the end of the period	**3,602**	4,798

11. Other assets

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Prepayments for raw materials and consumables	**12,872**	10,866
VAT to be reclaimed	**11,561**	7,448
Other tax prepayments	**541**	1,045
Other	**206**	81
Total other assets	**25,180**	19,440

In 2012 Group entered into several index forward contracts with a related party for purchase of copper, nickel and lead to hedge against unfavourable fluctuations of market prices of the metals. According to the contracts agent is obligated to pay to the Group positive difference between market price at the moment of full or partial execution of the contract and forward price fixed at the inception of the contract multiplied by the execution amount. Otherwise Group is obligated to pay difference to the agent.

11. Other assets (continued)

According to IFRS the forward contracts are accounted as financial assets/liabilities at fair value through profit or loss. Outstanding balances of the forward contracts - financial assets are included in Other assets. The forward contracts are revalued at each reporting date using open market data. Any gain or loss related to change of fair value of the forward contracts is recognised in "Other operating expenses" in the consolidated statement of comprehensive income.

Below are the details of the forward contracts — financial assets held by the Group as at 31 December 2012:

Underlying commodity	Outstanding amount, tonnes	Financial asset, USD'000
Lead	300	115
Nickel	36	7
Copper	150	84
Total financial assets		**206**

Below are the details of the forward contracts — financial assets held by the Group as at 31 December 2011:

Underlying commodity	Outstanding amount, tonnes	Financial asset, USD'000
Lead	1,600	29
Nickel	210	41
Copper	750	11
Total financial assets		**81**

12. Short-term investments

In February 2009 the Group purchased 169,600 shares of Weatherford International Limited for the price of USD 9.544 per share. The investment was designated as at fair-value through profit or loss. The shares are revalued at every reporting date using open market data. Differences between market value of shares and their book value are recognised in "Other operating expenses" in the consolidated statement of comprehensive income. In subsequent periods the Group sold 114,960 shares (2012: 13,200 shares, 2011: 33,920 shares). Below are the details of short-term investments held by the Group as at 31 December 2012:

Type of investment	Number of shares	Market price, USD	Fair value, USD'000
Weatherford International Limited shares	**54,640**	**11.190**	**611**
Total short-term investments			**611**

Below are the details of short-term investments held by the Group as at 31 December 2011:

Type of investment	Number of shares	Market price, USD	Fair value, USD'000
Weatherford International Limited shares	67,840	14.640	993
Total short-term investments			993

13. Cash and cash equivalents

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Cash at bank	**47,675**	44,607
Overdraft utilised facility	**(2,657)**	(3,140)
Term deposit	**35,951**	22,219
Cash in hand	**486**	295
Total cash and cash equivalents	**81,455**	63,981

As at 31 December 2012 the Group's cash and cash equivalents comprised overdraft and deposits.

As at 31 December 2012 the Group had the overdraft facility bearing interest 1 month LIBOR + 1,80% per annum (31 December 2011: LIBOR + 1,80%) with the limit of USD'000 3,500 (31 December 2011: USD'000 3,500) which is utilised for the amount of USD'000 2,657 (31 December 2011: USD'000 3,140).

As at 31 December 2012 the Group had USD-denominated term deposit in Alef-Bank in the total amount of USD'000 35,700 generating 4% interest per annum and in Chase Bank in the amount of USD'000 251 (31 December 2011: USD-denominated term deposit in Alef-Bank in the total amount of USD'000 21,000 generating 3,34% interest per annum, in Venecredit Bank & Trust in the amount of USD'000 1,000 in Chase Bank in the amount of USD'000 200).

14. Share capital

As at 31 December 2012 authorised and issued share capital of the Company consisted of 6,048 ordinary shares with the nominal value of 1 USD each.

The 5,000 shares issued initially were issued at nominal value. An additional 448 shares were issued on 4 January 2008 for consideration of USD'000 90,000. An additional 600 shares were issued on 29 September 2009 for consideration of USD'000 119,012. The excess of consideration received over nominal value was accounted for as share premium.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at annual and general meetings of the Company. No dividends have been declared for 2012 and 2011.

15. Additional paid-in capital

Additional paid-in capital represents amounts contributed by shareholders to support operating and investing activities of the Group, which are not convertible into share capital.

16. Loans and borrowings

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Non-current		
Loans received	**83,468**	106,515
Total non-current borrowings	**83,468**	106,515
Current		
Loans received	**30,776**	42,292
Total current borrowings	**30,776**	42,292
Total loans and borrowings	**114,244**	148,807

Terms and repayment schedule are as follows:

Loans outstanding as at 31 December 2012:

Loan	Lender	Currency	Primary / outstanding principal USD'000	Nominal annual interest rate	Effective interest rate	Year of final maturity
Loan received	European Bank for Reconstruction and Development	USD	100,000 / 61,538	6 month LIBOR + 5,5%	6,65%	2016
Loan received	Alef-bank (Note 31)	EUR	2,649 / 2,649	5,75%	5,75%	2013
Loan received	Alef-bank (Note 31)	RUR	5,017 / 5,017	11,75%	11,75%	2013
Loan received	International Finance Corporation	USD	30,000 / 24,545	6 month LIBOR + 6,0%	7,26%	2017
Loan received	International Finance Corporation (Standby loan)	USD	20,000 / 20,000	6 month LIBOR + 5,5%	6,75%	2017

Loans outstanding as at 31 December 2011:

Loan	Lender	Currency	Primary / outstanding principal USD'000	Nominal annual interest rate	Effective interest rate	Year of final maturity
Loan received	European Bank for Reconstruction and Development	USD	100,000 / 76,923	6 month LIBOR + 5,5%	6,94%	2016
Loan received	Syndicate of banks (Alliance, ING)	USD	40,000 / 16,000	6 month LIBOR + 5,0%	7,52%	2012
Loan received	Alef-bank (Note 31)	USD	10,000 / 4,000	6 month LIBOR + 5,0%	6,56%	2012
Loan received	International Finance Corporation	USD	30,000 / 30,000	6 month LIBOR + 6,0%	7,56%	2017
Loan received	Venezolano de Credito	VEF	1,977 / 1,977	18%	18%	2012
Loan received	International Finance Corporation (Standby loan)	USD	20,000 / 20,000	6 month LIBOR + 5,5%	7,21%	2017

Contractual cash flows of the loans are represented in the Note 29.4 «Liquidity Risk».

16. Loans and borrowings (continued)

Loans received

In 2009 the Group received the loan facility from European Bank of Reconstruction and Development and syndicate of banks in total amount of USD'000 140,000. The first tranche under the loan facility in amount of USD'000 100,000 was drawn down on 8 December 2009. The rest of the loan principal was drawn down on 2 March 2010. The repayment in full of the loan received from the European Bank of Reconstruction and Development is scheduled for 2016. The full repayment of syndicate part of the loan took place in December 2012.

On 24 November 2009 the Group received the loan from Alef-bank in amount USD'000 10,000. The full repayment of the loan took place in December 2012.

All the above loans bear nominal interest payable semi-annually, dependant on market interest rates. The objective of receiving these loans is financing promissory notes final repayment and financing working capital and production modernisation program of the Group.

In December 2009 the Company has reached a general agreement with International Finance Corporation (IFC) under which it can borrow USD'000 30,000. On 15 March 2010 the Group received the loan from IFC in amount USD'000 30,000. The repayment in full of the loan is scheduled for 2017. At the inception of the loan agreement in 2010 the Company has obtained an option of receiving another USD'000 20,000. The Company utilised this option in the second half of 2011. The objective of receiving these loans is to finance working capital and production modernisation program of the Group.

In August 2011 the Group received loan from Venezolano de Credito in amount USD'000 1,977 (VEF'000 8,500) to finance working capital. During 2012 the Group received USD'000 197 (VEF'000 850) under the same loan agreement. The objective of receiving this loan was to finance working capital. The full repayment of the loan took place in December 2012.

In August 2012 the Group acquired new subsidiary OOO Oskolneftemash (Russia). At the moment of acquisition the entity had the short-term loans from Alef-bank in amount of USD'000 396 (RUR'000 12,739) at annual rate of 11,75% and in amount of USD'000 2,566 (EUR'000 2,000) at annual rate of 5,75%. After acquisition the Group additionally received USD'000 4,456 (RUR'000 139,643) under these loan agreements. The interest accrued under these agreements in amount of USD'000 243 was partly capitalized in amount of USD'000 69. The full repayment of the loans is scheduled for 2013.

In these consolidated financial statements the loans received are carried at amortised cost which accounts for costs incurred by the Group directly attributable to receiving of the loans. The loans received from European Bank of Reconstruction and Development and syndicate of banks are secured by pledge of shares of the Group companies and guarantees provided by the Group companies. The loan agreements impose financial covenants tested on half-year basis. Based on these consolidated financial statements the Group has successfully met these covenants.

17. Deferred tax assets and liabilities

In thousands of USD	Assets		Liabilities		Net	
	31 Dec 2012	31 Dec 2011	**31 Dec 2012**	31 Dec 2011	**31 Dec 2012**	31 Dec 2011
Property, plant and equipment	**2,305**	1,203	**(26,743)**	(28,555)	**(24,438)**	(27,352)
Inventories	**5,113**	3,254	**(121)**	(352)	**4,992**	2,902
Receivables and prepayments	**1,741**	464	**(55)**	(225)	**1,686**	239
Payables and accruals	**5,892**	2,349	**(4,319)**	(806)	**1,573**	1,543
Tax losses carried forward	**11,282**	11,947	**–**	–	**11,282**	11,947
	26,333	19,217	**(31,238)**	(29,938)	**(4,905)**	(10,721)

The applicable income tax rate for the entities of the Group incorporated in Russia is 20%. This rate has been used in the calculation of deferred tax assets and liabilities. Foreign subsidiaries pay income tax in accordance with the legislative requirements of their tax jurisdictions. For the entity located in the USA the tax rate varies from 15% to 35%. Management decided to use 15% rate for the purposes of deferred tax asset calculation. For the entity located in China the applicable tax rate is the corporate income tax rate of 25%.

Deferred tax assets and liabilities shown above are offset within each legal entity. Total amount of positive net balances resulted in USD'000 13,227 of deferred tax assets and total amount of negative net balances resulted in USD'000 18,132 of deferred tax liability, as shown in the consolidated statement of financial position as at 31 December 2012 (at 31 December 2011: USD'000 12,135 — deferred tax assets and USD'000 22,856 — deferred tax liability).

Movements in deferred taxes during the reporting period were as follows:

In thousands of USD	Property, plant and equipment	Inventories	Receivables and prepayments	Payables and accruals	Tax losses carried forward	Total
Balance as at 1 January 2012	**(27,352)**	**2,902**	**239**	**1,543**	**11,947**	**(10,721)**
Recognised in income — origination and reversal of timing differences	**3,515**	**2,023**	**1,376**	**(78)**	**(775)**	**6,061**
Acquisition of subsidiaries (Note 5)	**720**	**–**	**7**	**–**	**95**	**822**
Disposal of subsidiaries	**95**	**(14)**	**28**	**(24)**	**–**	**85**
Translation to presentation currency	**(1,416)**	**81**	**36**	**132**	**15**	**(1,152)**
Balance as at 31 December 2012	**(24,438)**	**4,992**	**1,686**	**1,573**	**11,282**	**(4,905)**

17. Deferred tax assets and liabilities (continued)

Movements in deferred taxes during the previous year were as follows:

In thousands of USD	Property, plant and equipment	Inventories	Receivables and prepayments	Payables and accruals	Tax losses carried forward	Total
Balance as at 1 January 2011	(12,777)	3,409	762	1,643	10,673	3,710
Recognised in income — origination and reversal of timing differences	1,399	(446)	(536)	57	1,133	1,607
Recognised in equity due to revaluation of property, plant and equipment	(16,494)	–	–	–	–	(16,494)
Translation to presentation currency	520	(61)	13	(157)	141	456
Balance as at 31 December 2011	(27,352)	2,902	239	1,543	11,947	(10,721)

18. Trade and other payables

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Trade payables	**40,557**	40,487
Wages, salaries and other related accruals	**25,980**	19,580
Other payables	**24,970**	23,828
Total trade and other payables	**91,507**	83,895

Wages, salaries and other related accruals includes liabilities recognised for defined benefit plan, in the amount of USD'000 2,669 (31 Dec 2011: 0).

The Group operates funded defined benefit plans for qualifying employees of its certain subsidiaries in Russia. Under the plans, the employees are entitled to retirement benefits varying between 3 and 12 final salaries on retirement (of a retirement age in accordance with Russian Labour Code) if completed 2 to 10 years' service for the enteties. Currently the Group does not have any plan assets for funding the defined benefit plan. No other post-employment benefits are provided to these employees.

The most recent calculation of the present value of the defined benefit obligation was carried out at 31 December 2012 by management of the Group. The present value of the defined benefit obligation was measured using discounted cash-flow (DCF) method. The following principal assumptions were used for the purposes of the calculation:

- Discount rate — 6,46%;
- Projection period — 5 years;
- Expected employee retention rate — 10%.

These assumptions were developed by management. The discount factor is determined close to the year-end by reference to high quality Russian government bonds that are denominated in RUR, the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post-employment obligation. Other assumptions are based on management's historical experience.

18. Trade and other payables (continued)

Amount recognised in profit or loss in respect of the defined benefit plans was USD'000 2,611 (2011: 0).

The expense for the year is included in the Wages, salaries and related social costs in Note 21 "Cost of sales".

19. Other liabilities

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
VAT payable	**12,324**	8,963
Advances from customers	**3,297**	6,400
Other taxes payable	**9,389**	6,920
Warranty provisions	**1,464**	1,575
Other	**–**	152
Total other liabilities	**26,474**	24,010

Outstanding balances of the forward contracts — financial liabilities are included in Other liabilities (See also Note 11 "Other assets").

There were no outstanding forward contracts — financial liabilities held by the Group as at 31 December 2012.

Below are the details of the forward contracts — financial liabilities held by the Group as at 31 December 2011:

Underlying commodity	**Outstanding amount, tonnes**	**Financial liability, USD'000**
Copper	100	152
Total financial liabilities		**152**

20. Sales revenue

	2012 USD'000	2011 USD'000
Revenue from sale of goods	**512,611**	474,606
Revenue from rendering of services	**230,073**	231,946
Total sales revenue	**742,684**	706,552

21. Cost of sales

	2012 USD'000	2011 USD'000
Raw materials and components used in production	**302,219**	308,343
Wages, salaries and related social costs	**151,986**	144,697
Depreciation and amortisation	**48,139**	51,003
Production overheads	**29,647**	31,150
Transportation	**23,758**	23,602
Rental tools sold (Note 6)	**2,213**	6,048
Conversion and contractor services	**1,294**	1,332
Change in stock of work in progress and finished goods other than related to acquisition and disposal of subsidiaries	**1,990**	(8,653)
Work performed capitalised	**(20,156)**	(25,872)
Total cost of sales	**541,090**	531,650

22. Selling and marketing expenses

	2012 USD'000	2011 USD'000
Transportation	**5,207**	6,405
Advertisement	**413**	420
Commission	**547**	184
Total selling and marketing expenses	**6,167**	7,009

23. Administrative expenses

	2012 USD'000	2011 USD'000
Wages, salaries and related social costs	**66,107**	64,690
Management fee (Note 31.1)	**10,000**	10,000
Rent expenses	**7,386**	8,691
Consulting, audit and legal expenses	**4,758**	4,388
Depreciation and amortisation	**2,769**	2,624
Travel expenses	**2,665**	2,920
Telecommunication expenses	**1,657**	2,242
Repairs and maintenance	**725**	748
Other expenses	**6,055**	6,935
Total administrative expenses	**102,122**	103,238

24. Other operating expenses, net

	2012 USD'000	2011 USD'000
Net loss from disposal of subsidiaries and associates (Note 5)	5,699	–
Loss from disposal of property, plant and equipment and intangible assets	3,903	3,699
Impairment and write-off of doubtful trade and other receivables	2,308	2,385
Impairment of inventory	194	5,630
Devaluation of property, plant and equipment due to appraisal	–	2,021
Other	(1,065)	2,415
Total other operating expenses, net	**11,049**	16,150

25. Net finance costs

	2012 USD'000	2011 USD'000
Interest income	(1,384)	(825)
Foreign exchange (gain) / losses, net	(6,665)	4,896
Bank and other transaction fees	1,411	1,458
Interest expense — EBRD & bank syndicate	5,532	8,386
Interest expense — IFC	3,241	2,668
Interest expense — Alef-bank (Note 31)	355	440
Interest expense — Venezolano de Credito	373	119
Interest expense on other payables	1,065	703
Interest expense — bank overdraft facilities drawn down	68	61
Total finance costs, net	**3,996**	17,906

26. Income tax expense, net

	2012 USD'000	2011 USD'000
Current		
Current income tax expense	**7,515**	5,295
Deferred		
Effect of utilisation and origination of tax losses carried forward	**775**	(1,133)
Origination and reversal of temporary differences	**(6,836)**	(474)
Total income tax expense, net	**1,454**	3,688

Reconciliation of theoretical income tax expense with actual income tax expenses:

	2012 USD'000	2011 USD'000
Profit before tax	**78,260**	30,599
Income tax using the BVI tax rate (zero %)	**–**	–
Tax expense at tax rates applicable in foreign jurisdictions	**(1,662)**	(3,151)
Adjustment for tax exempt income and non-deductible expenses	**3,116**	6,839
Total income tax expense in the consolidated statement of comprehensive income	**1,454**	3,688

The applicable income tax rate for the entities of the Group incorporated in Russia is 20%. This rate has been used in the calculation of deferred tax assets and liabilities. Foreign subsidiaries pay income tax in accordance with the legislative requirements of their tax jurisdictions. For the entity located in the USA the tax rate varies from 15% to 35%. Management decided to use 15% rate for the purposes of deferred tax asset calculation. For the entity located in China the applicable tax rate is the corporate income tax rate of 25%.

27. Consolidated EBITDA reconciliation

	2012 USD'000	2011 USD'000
Consolidated profit for the period	**76,806**	26,911
Adjustments for:		
Income tax expense	**1,454**	3,688
Interest expense, net	**9,250**	11,552
Management fee (Note 31.1)	**10,000**	10,000
Consolidated EBIT	**97,510**	52,151
Adjustment for depreciation and amortisation	**50,908**	53,627
Adjustment for extraordinary item (devaluation of property, plant and equipment due to appraisal)	**–**	2,021
Consolidated EBITDA	**148,418**	107,799

28. Capital risk management

The Group's policy is to maintain a strong capital base so as to ensure investor and creditor confidence and to sustain future development of the business. The policy includes compliance with certain internally imposed minimum capital requirements. The Group's management constantly monitors profitability and gearing ratios and compliance with the minimum capital requirements. The Group uses the return on assets ratio which is defined as operating profit divided by total assets (averaged over the measurement period) and the gearing ratio calculated as net debt, comprising of long-term and short-term indebtedness less cash and cash equivalents divided by equity. The level of dividends is also monitored by the Board of Directors of the Group.

There were no changes in the Group's approach to capital management during the period. The return on assets ratios for the reporting and comparative periods were as follows:

	2012 USD'000	2011 USD'000
Operating profit	**82,256**	48,505
Total averaged assets	**752,860**	676,398
Return on assets ratio for the year	**11%**	7%

The increase in ROA ratio mostly resulted from the increase of gross profit due to growth in margins.

The gearing ratios were as follows:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Loans and borrowings	**114,244**	148,807
Less: Cash and cash equivalents	**(81,455)**	(63,981)
Net debt	**32,789**	84,826
Total equity	**533,479**	440,697
Equity	**533,479**	440,697
Gearing ratio	**6%**	19%

The decrease in gearing ratio is caused by repayment of loans during the period (see Note 16 "Loans and borrowings") and accumulation of retained earnings.

29. Financial risk management

Exposure to credit, liquidity and market risk (including currency, fair value interest rate risk and price risk) arises in the normal course of the Group's business. Risk management is carried out by a central treasury department.

The Group does not use derivative financial instruments to reduce exposure to fluctuations in foreign exchange rates and interest rates. The most significant financial risks to which the Group is exposed are described below.

These risks are attributable to the following categories of financial instruments:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Financial assets		
Trade and other receivables	**120,470**	109,089
Current tax assets	**5,556**	1,507
Other assets net of prepayments made	**12,308**	8,574
Cash and cash equivalents	**81,455**	63,981
Financial liabilities		
Loans and borrowings	**114,244**	148,807
Trade and other payables	**91,507**	83,895
Current tax liabilities	**1,045**	574
Other liabilities net of advances from customers and warranty provision	**21,713**	16,035

29.1 Currency exchange rate risk

The Group has monetary assets and liabilities denominated in several contractual currencies. The Group does not use any derivative financial instruments to hedge currency exchange rate risk exposure. Management uses USD to analyse currency exchange rate risk.

29. Financial risk management (continued)

29.1 Currency exchange rate risk (continued)

Contractual currency analysis of monetary assets and liabilities is as follows:

	31 December 2012				
	USD USD'000	**RUR USD'000**	**EUR USD'000**	**Other USD'000**	**Total USD'000**
Monetary assets					
Trade and other receivables	**45,067**	**66,977**	**88**	**8,338**	**120,470**
Current tax assets	**–**	**3,776**	**173**	**1,607**	**5,556**
Other assets net of prepayments made	**767**	**5,277**	**1,147**	**5,117**	**12,308**
Cash and cash equivalents	**50,574**	**23,560**	**2,545**	**4,776**	**81,455**
Total monetary assets	**96,408**	**99,590**	**3,953**	**19,838**	**219,789**
Monetary liabilities					
Loans and borrowings	**(106,314)**	**(5,204)**	**(2,726)**	**–**	**(114,244)**
Trade and other payables	**(41,008)**	**(42,955)**	**(1,543)**	**(6,001)**	**(91,507)**
Current tax liabilities	**(259)**	**(70)**	**(385)**	**(331)**	**(1,045)**
Other liabilities net of advances from customers and warranty provision	**(1,667)**	**(18,649)**	**(75)**	**(1,322)**	**(21,713)**
Total monetary liabilities	**(149,248)**	**(66,878)**	**(4,729)**	**(7,654)**	**(228,509)**
Net position	**(52,840)**	**32,712**	**(776)**	**12,184**	**(8,720)**

	31 December 2011				
	USD USD'000	RUR USD'000	EUR USD'000	Other USD'000	Total USD'000
Monetary assets					
Trade and other receivables	34,124	64,949	846	9,170	109,089
Current tax assets	–	1,499	–	8	1,507
Other assets net of prepayments made	456	5,948	493	1,677	8,574
Cash and cash equivalents	37,378	23,828	163	2,612	63,981
Total monetary assets	71,958	96,224	1,502	13,467	183,151
Monetary liabilities					
Loans and borrowings	(146,830)	–	–	(1,977)	(148,807)
Trade and other payables	(34,301)	(41,824)	(1,312)	(6,458)	(83,895)
Current tax liabilities	(229)	(342)	–	(3)	(574)
Other liabilities net of advances from customers and warranty provision	(1,071)	(14,221)	(66)	(677)	(16,035)
Total monetary liabilities	(182,431)	(56,387)	(1,378)	(9,115)	(249,311)
Net position	(110,473)	39,837	124	4,352	(66,160)

The following table details the Group's sensitivity to a 10% change in the USD rates against the other currencies. 10% is the sensitivity rate used when reporting currency exchange rate risk internally to key management personnel and represents management assessment of the reasonably possible change in currency exchange rates. The analysis was applied to monetary items at the reporting date denominated in respective contractual currencies.

29. Financial risk management (continued)

29.1 Currency exchange rate risk (continued)

If the USD strengthened against the RUR, Euro and other currencies by 10% then this would have the following impact on comprehensive income:

Foreign currency	**31 Dec 2012 USD'000**	31 Dec 2011 USD'000
RUR	**(3,271)**	(3,984)
EUR	**78**	(12)
Other	**(1,218)**	(435)

If the USD weakened against the RUR, Euro and other currencies by 10% then this would have the equal but opposite effect on the amounts shown above being the other variables remain constant.

29.2 Credit risk analysis

Credit risk is the risk that counterparty may default or not meet its obligations to the Group when contractually due leading to financial losses of the Group. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. If such customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

At the reporting date there was a significant concentration of credit risk. Trade receivables consist of a small number of customers, primarily operating in the oil industry in the Russian Federation. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks.

The maximum exposure to credit risk for trade receivables including trade receivables from related parties at the reporting date relates to counterparties operating in the Russian Federation and other countries mainly in oil production industry. The Group does not require collateral in respect of the majority of its financial assets.

The table below represents five largest balances of accounts receivable from the major counterparties as at the reporting date:

	31 Dec 2012 USD'000
OAO "TNK-BP Holding"	**13,677**
OOO "RN-Yuganskneftegaz"	**7,492**
OAO "Surgutneftegaz"	**7,276**
Petroleo de Venezuela S.A.	**6,795**
OOO "Neftegazmashlizing"	**4,872**

	31 Dec 2011 USD'000
OAO "TNK-BP Holding"	11,601
OAO "Gazpromneft-Noyabrskneftegaz"	5,859
OOO "RN-Yuganskneftegaz"	5,488
Petroleo de Venezuela S.A.	5,344
OAO "TNK-Nizhnevartovsk"	4,191

29. Financial risk management (continued)

29.3 Interest rate risk

Interest rate risk is the risk that movements in market interest rates will adversely impact the financial results of the Group.

Interest rates on the Group's debt finance are either fixed or variable, at a fixed spread over LIBOR for the duration of each interest-setting period (6 months). Changes in market interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans and borrowings, management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Fixed rate instruments		
Term deposits (Note 13)	**35,951**	22,219
Loans received (Note 16)	**(7,929)**	(1,977)
	28,022	20,242
Variable rate instruments		
Loans received (Note 16)	**(106,315)**	(146,830)
	(106,315)	(146,830)

29.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities when they are contractually due.

The Group manages liquidity risk with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due by preparing annual budgets, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities. Contractual cash flows represent undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay and include both the principal and interest cash flows.

29. Financial risk management (continued)

29.4 Liquidity risk (continued)

31 December 2012	**Carrying amount USD'000**	**Contractual cash flows** 6 months or less USD'000	6 – 12 months USD'000	1 – 2 years USD'000	More than 2 years USD'000	Total contractual cash flows USD'000
Financial liabilities						
Loans received	**114,244**	**25,809**	**21,908**	**42,126**	**93,067**	**182,910**
Trade and other payables and other monetary liabilities	**114,265**	**114,265**	**–**	**–**	**–**	**114,265**
Total financial liabilities	**228,509**	**140,074**	**21,908**	**42,126**	**93,067**	**297,175**

31 December 2011	Carrying amount USD'000	Contractual cash flows 6 months or less USD'000	6 – 12 months USD'000	1 – 2 years USD'000	More than 2 years USD'000	Total contractual cash flows USD'000
Financial liabilities						
Loans received	148,807	24,995	26,357	29,550	94,290	175,192
Trade and other payables and other monetary liabilities	100,504	100,471	33	–	–	100,504
Total financial liabilities	249,311	125,466	26,390	29,550	94,290	275,696

29.5 Fair value of financial instruments

Management of the Group consider that the carrying amounts of the financial instruments approximate their fair values.

The estimated fair values of financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date. The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of assets or settlement of liabilities.

30. Contingencies

30.1 Insurance

The Group maintains adequate insurance cover for its property, plant and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group's property or relating to Group's operations.

30.2 Litigation

From time to time and in the normal course of business, claims against the Group are received. On the basis of own estimates and internal and external professional advice, the management is of the opinion that at 31 December 2012 the potential losses from litigations will not exceed USD'000 500 (at 31 December 2011: USD'000 0). Matters arising from litigation on tax issues are described in Note 30.3.

30.3 Taxation contingencies

The taxation system in the Russian Federation is relatively new and is characterised by numerous official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretations by different authorities. Taxes are subject to audit and investigation by a number of authorities of different levels, which are empowered by law to impose severe fines, penalties and interest charges for late payments.

These facts may create tax risks in the Russian Federation substantially more significant than in other countries. Management believes that it has adequately provided for the tax liabilities based on its interpretation of the tax legislation. However, the relevant tax authorities may have different interpretations and the effects could be significant.

The way the Group has structured its activities can be challenged by the tax authorities of the Russian Federation, which may result in additional tax payments being required. However, management of the Group believes that the accumulated potential amount of such payments is not material.

30.4 Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

31. Related-party transactions

The Group has related-party relationship with its shareholders, directors, senior officers and some other parties.

31.1 Transactions with shareholders

Weatherford Bermuda Holding Limited, Weatherford International Limited and its subsidiaries

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Period-end balances		
Short-term investments	**611**	993
Short-term payables	**2,622**	2,622
Receivables and prepayments	**7,850**	1,745
Trade and other payables	**1,744**	871

	2012 USD'000	2011 USD'000
Sales and purchases of goods and services		
Sales of goods and services (net of VAT)	**9,351**	848
Purchases of services, materials and fixed assets (net of VAT)	**1,101**	260

Tangent Fund Limited

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Period-end balances		
Short-term payables	**15,000**	15,000

	2011 USD'000	2010 USD'000
Purchases of services, interest expense		
Management fee	**10,000**	10,000
Interest expense on other payables	**1,065**	704

31.2 Transactions with key management personnel

Remuneration paid to key management personnel in 2012 was USD'000 6,309 (in 2011: USD'000 5,981).

31. Related-party transactions (continued)

31.3 Transactions with other related parties

In the normal course of its business activities the Group purchases services and raw materials or fixed assets, and makes sales to related parties other than disclosed above. Transactions with those related parties were as follows:

	2012 USD'000	2011 USD'000
Sales and purchases of goods and services, interest expense		
Sales of goods and services to other related parties (net of VAT)	**63,388**	27,257
Interest expense	**423**	440
Purchases of materials and fixed assets (net of VAT)	**14,303**	9,482
Purchases of services (net of VAT)	**8,798**	9,542

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Period-end balances		
Cash at bank and short-term deposits	**60,957**	44,803
Receivables and prepayments	**7,397**	8,940
Loan received	**7,929**	3,993
Trade and other payables	**7,143**	9,283
Receivables arising from settlements related to carve-out agreement	**–**	416

Additionally, some of the acquisitions made during the year were transactions with the related parties, please refer to Notes 5.1.1 and 5.1.2.

32. Commitments

32.1 Capital commitments

The Group has the following capital commitments at the reporting date:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Capital construction and purchase of fixed assets	**13,034**	3,072
Total capital commitments	**13,034**	3,072

32. Commitments (continued)

32.2 Operating leases

The Group has the following commitments on rent of premises at the reporting date:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Rent expenses for the period up to 12 months	**1,290**	1,717
Rent expenses for the period from 1 to 5 years	**771**	1,310
Rent expenses for the period over 5 years	**75**	77
Total commitments on rent of premises	**2,136**	3,104

32.3 Commitments to customers

By 31 December 2012 the Group has won a number of tenders for supply of the electrical submersible pumps (ESP) to the major Russian and international oil-production enterprises. The exact contractual amounts will be agreed after defining and contracting detailed customer requirements.

As at 31 December 2012 the Group had signed a number of contracts for supply of the compressor's equipment.

As at 31 December 2012 the Group had several contracts for the ESP service and maintenance. The exact value of the service charge is calculated on the base of the actual number of days of normal operating of the oil wells.

Management believes that the costs to fulfil the commitments to customers will be as follows:

	31 Dec 2012 USD'000	31 Dec 2011 USD'000
Tenders for supply of the ESP to the major Russian oil-production enterprises	**131,163**	84,529
ESP service and maintenance contracts in Russia	**179,369**	159,225
ESP service and maintenance contracts for International oil-production Companies	**39,851**	28,494
International tenders for supply of the ESP to oil-production Companies	**35,035**	20,316
Contracts for supply of the compressor's equipment	**3,221**	5,326
Total costs to fulfil commitments to customers	**388,639**	297,890

33. Principal subsidiaries

The following comprise the list of the principal Group subsidiaries as at 31 December 2012.

Entity	Principal activities	Country of incorporation	Control, %	
			31 Dec 2012	31 Dec 2011
OOO Proizvodstvennaya Kompaniya Borets	Production, Trading	Russia	100	100
OOO Lemaz	Production	Russia	100	100
OOO Lysvaneftemash	Production	Russia	100	100
OAO Compressor Plant	Production	Russia	100	100
OOO Kurgansky Kabelny Zavod	Production	Russia	100	100
OOO Servisnaya Kompaniya Borets	Service	Russia	100	100
ZAO Centroforce	Service	Russia	83,95	83,95
OOO Borets Muravlenko	Service	Russia	100	100
OOO Borets Servis-Nefteyugansk	Service	Russia	100	100
OOO CBPO PREPU	Service	Russia	100	100
OOO Torgovaya Kompaniya Borets	Trading	Russia	100	100
OOO Borets-Nizhnevartovsk	Asset holder	Russia	100	100
OOO Meilin	Asset holder	Russia	100	100
OOO Oskolneftemash	Production	Russia	100	–
Borets-Weatherford US, Inc	Trading	USA	100	100
Borets-Weatherford Canada Limited	Trading, Service	Canada	100	100
Weatherford Oilfield Equipment Shanghai Co Limited	Production	China	100	100
ZTS-Kabel sro	Production	Slovakia	100	100
Hultic Limited	Trading, Service	Seychelles	100	100
Borets-Weatherford FZE	Trading, Service	UAE	100	100
Borets Venezuela, S.A.	Trading, Service	Venezuela	100	100
Borets-Weatherford do Brasil Limited	Trading, Service	Brazil	100	100
Borets Seven Seas LLC	Trading	Oman	70,0	60,0
Oilfield Equipment Development Center Limited	Asset holder	Seychelles	100	100
Borets International Levant and Africa Ltd	Trading, Service	UAE	100	100

34. Events after the reporting period

There have been no material events requiring disclosure subsequent to the reporting date.