Petro Welt Technologies

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2019

Key Group Figures

		HY1 2019	HY1 2018	Change
Gross sales	EUR million	140.5	154.4	–9.0%
Revenue	EUR million	136.9	150.1	–8.8%
Gross profit	EUR million	17.5	25.6	–31.6%
EBIT	EUR million	4.2	12.1	–65.3%
EBIT margin	%	3.1	8.1	
EBITDA	EUR million	23.4	33.3	–29.7%
EBITDA margin	%	17.1	22.2	
Group result	EUR million	3.5	9.7	–63.9%
Earnings per share	EUR	0.07	0.20	–65.0%
Balance sheet total[1]	EUR million	432.3	381.8	13.2%
Equity[1]	EUR million	240.9	205.4	17.3%
Equity ratio[1]	%	55.7	53.8	
Cash flow from operating activities	EUR million	20.5	27.5	–25.5%
Cash flows used in investing activities	EUR million	(60.5)	–	–
Cash flows used in financing activities	EUR million	(0.4)	–	–
Cash and cash equivalents[2]	EUR million	95.6	89.8	6.5%
EUR exchange rate at the end of reporting period[1]	EUR/RUB	71.8179	79.4605	–9.6%
EUR average exchange rate for the reporting period	EUR/RUB	73.8389	71.8223	2.8%
Employees (average)	Number	3,348	3,222	3.9%

[1] As of June 30, 2019 and December 31, 2018 respectively
[2] As of June 30, 2019 and June 30, 2018 respectively

Content

Performance of Petro Welt Technologies AG

Highlights of the first six months of 2019

— **Drilling strong**
The Drilling, Sidetracking, and Integrated Project Management segment outperformed the Well Services segment, posting increases in the job count by 4.2% and in the revenue per job by 8.4%. As a result, the segment's revenue grew by 13.0% or EUR 7.8 million to a total of EUR 67.8 million. KAToil-Drilling achieved the best historical results in terms of drilling time in the Samotlorskoye oilfield, which reflects the company's growing efficiency in this segment.

— **Fracturing weak**
Revenue in the Well Services segment dropped by 24.7% or EUR 21.1 million, mainly driven by a 21.2% cut in the number of jobs. Revenue per job declined by 4.5% year on year.

— **Continuing devaluation of the RUB against the EUR/USD**
In the first six months of 2019, the average exchange rate of Russia's national currency was down 2.8% compared to the first six months of 2018.

— **Administrative expenses decline**
The Group continued to cut its administrative expenses. The decrease for the first six months of 2019 was 5.0% in euros, with administrative expenses converted into rubles declining by 2.1%.

Economic environment

Russia

The expectation that the Russian economy would run out of steam in 2019 has come to pass in the year's first six months. Experts predicted a deceleration despite the promised ramp-up in public spending as one-time factors that had propped up the expansion in 2018 evaporated.

Momentum at the start of the second quarter was soft, but economic growth tumbled again in May, driven by the weakening of both the manufacturing sector and consumer demand. In the first six months of 2019, the industrial production index showed year-on-year growth of 2.4% over all, while the retail trade rose by a mere 1.7% due to the reduction in real disposable household income. Exports, the other important driver of Russian growth, remained unchanged compared to the previous year's dynamics, mostly due to lower prices for major commodities.

Against this backdrop, the Russian Ministry of Economy declared that, in the first six months of the year, GDP had expanded marginally by about 0.7% year on year.

After peaking at 5.3% year on year in March, inflation declined to 4.7% year on year in June. The ruble continued to depreciate at the level of the average exchange rate but at a slower pace than previously, from an average RUB/EUR exchange rate of 71.82 rubles per euro in the first half of 2018 to 73.84 rubles per euro in the first half of 2019.

At the beginning of January 2019, the price of Brent crude was USD 54.91 per barrel. Amid rising economic policy uncertainty, oil prices fell sharply in June but regained some momentum toward the end of the month, closing the year's first half at a price of USD 66.55 per barrel of Brent crude. The price rebound was largely due to rising geopolitical tensions in the Middle East and the prospects of OPEC+ extending oil output cuts by nine months to March 2020.

Kazakhstan

In Kazakhstan, economic activity remained constrained in the second quarter of 2019 on the heels of a slowdown in the first three months of the year.

In the first six months of 2019, the production of oil and gas declined year on year by 1.5% and 0.6%, respectively. Overall industrial output rose by 2.6%, mostly driven by the metallurgy, refining, and chemical industries as well as food production.

At the same time, solid domestic demand—as expressed by the increase in retail sales by 5.4%—together with the strong expansion of investments by 11.7% continued to fuel growth. With a fiscal stimulus program aimed at supporting consumption and looser credit conditions boosting investments, gross domestic product (GDP) saw year-on-year growth of 4.1%. From a political perspective, following the presidential elections in June, the country's new president Kassym-Jomart Tokayev is expected to ensure the continuity of economic policy going forward.

Romania

In the first quarter of 2019, Romania's economy grew at its fastest pace in more than a year, primarily driven by strong domestic demand and household spending. The second quarter saw a slowdown, however, with softer retail sales growth in April indicating a pause in the spending spree. Sluggish demand from the eurozone depressed exports. With imports surpassing exports, the country's current account deficit remains a concern going forward. GDP saw year-on-year growth of 4.0%.

Both slow employment growth and labor shortages continued to constrict the labor market. Due to the depreciation of the country's currency at the beginning of the year as well as strong growth in both consumption and wages, inflation is expected to average 4.2% in 2019.

Industrial environment

Oilfield services in Russia

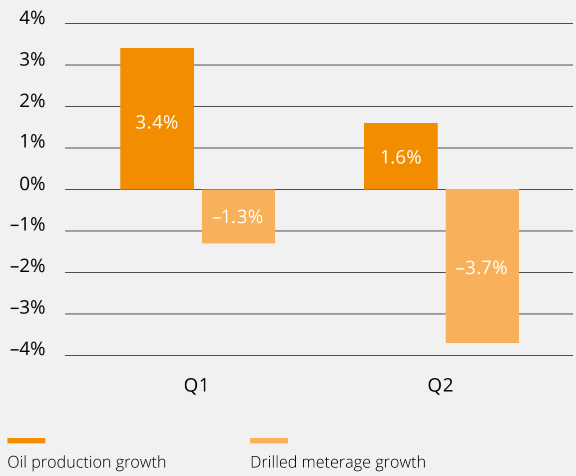
General market trends

According to Trading Economics, crude oil production in Russia fell to 10,835 thousand barrels per day (BBL/D/1K) in April 2019 from 10,895 BBL/D/1K in March 2019, after having reached an all-time high of 11,051 BBL/D/1K in December 2018. Going forward, Russian crude oil production is expected to decrease further to 10,300 BBL/D/1K over the next 12 months due to the OPEC+ agreement mentioned above.

Oil production growth year on year decelerated to 1.6% in the second quarter of 2019, down from 3.4% in the year's first quarter. This was due to limitations stemming from the OPEC+ agreement and the contamination of the Druzhba export pipeline. On the whole, oil production rose by 2.5% in the first half of 2019, while gas production saw a year-on-year increase of 2.9% in the same period.

At the same time, the decline in drilling activities by 2.6% caused a shortfall of 4.2% relative to the 2019 drilling plan. The opposing trends in production and drilling were due to the time lag between the drilling and commissioning of wells in the second half of 2018 and the subsequent production phase. The effects from the decrease in drilling activities in the first half of 2019 are expected to make themselves felt during the second half of the year.

Chart 1
General trends in the Russian oil industry in HY1 2019



Sources: Rosstat, CDU TEK

Well stimulation market

Major Russian oil companies reported an increase in well stimulation activities in the first half of 2019 compared to the same period of the previous year. According to estimates of RPI, a Russian research company, the physical volume of operations rose by 2.6% year on year. We expect limited growth in terms of revenue, mostly on account of the considerable decrease in the average price per operation due to both pressure from clients and the excess in available production capacities.

Contrary to expectations, LUKOIL announced that well stimulation activities had fallen by 12.0% in the first six months of 2019 compared to the same period of the previous year, and Surgutneftegaz reported a decrease by 8.0%.

Nevertheless, in spite of the assumed growth in the number of operations by 2.6%, the actual workload of the well stimulation fleets in Russia (jobs/fleet) deteriorated owing to the increase in the number of active stimulation fleets that were added to the market in 2019. While the average number of stimulation fleets was 111 in 2018, the number rose to 121 in 2019, which represents growth of 9% in the capacity available for oil companies.

On average, the workload per fleet fell noticeably in the first half of 2019 compared to the previous year. In addition to the excessive number of stimulation fleets on the market, this development was due to several reasons, such as the fact that the decline in LUKOIL's well stimulation activities represents 25% of KATKoneft's volume, that Rosneft assigned wells to its own well stimulation subsidiary, RN-GRP (both RN-YNG fields and RN-SNG fields), as well as the fact that the overall number of treatments is lower because the current formation being developed by Rosneft in Samotlor does not require well stimulation.

The overcapacity in the well stimulation market also puts pressure on prices which, on average, have fallen by between 5% and 7% year on year during the most recent tendering seasons. Current tenders show that this pressure is continuing.

Sidetrack drilling market

There were no changes in the sidetrack drilling business in the first six months of 2019, allowing the market to stabilize. The growth in sidetrack drilling activities was driven by Rosneft's attempts to maintain production levels in the brown fields by raising the number of sidetrack rigs, mainly through its subsidiary RN-Yuganskneftegaz. The demand for rigs with a load capacity of between 160 and 180 tons remained high, which led to the corresponding shortage on the drilling market.

Overall sidetrack drilling activities decreased 2.6% year on year. This decline mainly concerns Rosneft fields, with Rosneft's share in the cuts in Russian oil production under the OPEC+ agreement amounting to some 46%.

Oilfield services in Kazakhstan

Drilling activities grew between 10% and 15% year on year in the first six months of 2019, mainly in Kazakhstan's west (i.e. the Caspian region), with most of the increase attributable to cementing and remedial cementing work. Most of the drilled wells are directional wells, because they are less expensive and do not require high technology. The sidetrack drilling market is small and underdeveloped, with a negligible number of jobs per quarter.

The volume of the fracturing segment remained more or less stable in the first six months of 2019. None of the state-controlled oil and gas producers has yet officially announced plans on how to boost the hydraulic fracturing volume by the end of this year.

Oilfield services in Romania

A change in legislation in early 2019, which imposed a cap on gas prices for the Romanian market, had an adverse effect on drilling dynamics. OMV Petrom removed more than 40 gas wells from their drilling activities and consequently stopped participating in the rig tender. In addition, other operators such as Mazarin, Serinus, and Stratum reduced their drilling and workover activities, because they faced financial difficulties.

Proppant manufacturing market

As in previous years, 2019 started with declining proppant prices. On average, they were down 6.0% compared to the same period of the previous year. This was mainly attributable to intense competition among proppant producers on the one hand and strong pressure from oil and gas companies on the other. Russia's main proppant producer, Fores, intensified competitive pressure by raising its annual manufactured volume from 700,000 metric tons in 2018 to one million metric tons in 2019, while proppant consumption is expected to remain at the 2018 level of roughly 1.5 million metric tons a year. The deceleration of oil production and the reduction in drilling volumes may affect fracturing activities which, in turn, may lead to further proppant surpluses in the Russian market.

Segment reporting

External revenues		HY1 2019	HY1 2018	Change	Change in %
Well Services	**EUR million**	**64.2**	**85.3**	**–21.1**	**–24.7**
Jobs	Number	1,925.0	2,443.0	–518	–21.2
Average revenue per job	EUR thousand	33.4	34.9	–1.6	–4.5
Share of revenues	%	46.9	56.8	–	–
Drilling, Sidetracking and IPM	**EUR million**	**67.8**	**60.0**	**7.8**	**13.0**
Jobs	Number	124	119	5	4.2
Average revenue per job	EUR thousand	546.8	504.2	42.6	8.4
Share of revenues	%	49.5	40.0	–	–
Proppant Production	**EUR million**	**4.9**	**4.8**	**0.1**	**1.4**
Total	**EUR million**	**136.9**	**150.1**	**–13.2**	**–8.8**

Performance of the PeWeTe Group

Revenue

Total Group revenue in rubles declined by 6.2% year on year, reflecting the downward trend in the Russian domestic oilfield services market. The downward dynamic of the average ruble exchange rate, which lost 2.8% year on year, was an additional adverse factor in this connection. Revenue denominated in euros declined by 8.8% year on year, from EUR 150.1 million in the same period of the previous year to EUR 136.9 million in the reporting period. In addition to the factors mentioned above, the decline in revenue was also caused by a decreasing number of jobs in well services and extremely cold weather in February 2019 in the areas where our clients are located, forcing them to stop operations.

Revenue by service line

The trend of declining revenue from well services directly correlated with the growing overcapacity in the Russian well stimulation market, which led to a significant reduction in both prices charged to our customers and revenue per job. Against this backdrop, the Well Services segment posted a 24.7% decline in revenue to EUR 64.2 million in the first half of 2019 (HY1/2018: EUR 85.3 million). While the number of jobs dropped by 21.2%, the average revenue per job fell by 4.5%, from EUR 34.9 thousand in the same period of the previous year to EUR 33.4 thousand in the reporting period, also on account of the depreciation of the ruble.

Conversely, revenues generated in the Drilling, Sidetracking, and IPM segment rose by 13.0% to EUR 67.8 million (HY1/2018: EUR 60.0 million) in the first six months of 2019. The average revenue per job also grew by EUR 42.6 thousand or 8.4% to EUR 546.8 thousand, thus clearly outperforming the market. This was possible thanks to the segment's successful performance on the whole, which was driven by accelerating the drilling timeline and cutting the non-production time to levels far below the industry average.

Wellprop Russia generated proppant revenue of EUR 4.9 million in the first six months of 2019, compared to EUR 4.8 million in the same period of the previous year. The company's smart marketing strategy of selling products at prices that created short-term deficits locally, on the one hand, and boosting its share in exports, on the other hand, allowed it to overcome the general decline in prices in the Russian proppant market during the past two years.

Gross profit

The cost of sales declined by 4.1% (or EUR 5.1 million) year on year, from EUR 124.5 million in the first half of 2018 to EUR 119.5 million in the first half of 2019. The main driver of this decrease was the drop in purchases expense by 24.7% to EUR 35.0 million in the first six months of 2019 (HY1/2018: EUR 46.4 million). This development was fully in line with the 21.2% reduction in fracs during the reporting period.

As a result, the gross profit dropped by 31.6% year on year, from EUR 25.6 million in the first half of 2018 to EUR 17.5 million in the first half of 2019. The gross profit margin for the first six months of 2019 is 12.8% (HY1/2018: 17.1%).

The average number of employees rose by 3.9% to 3,348 in the first half of 2019, up from 3,222 in the same period of the previous year, due to the substantial increase in the use of equipment at KATOBneft on account of improved contracting volumes in 2019.

Earnings

The Group succeeded in lowering its administrative costs, which declined by 5.0% to EUR 11.5 million in the first six months of 2019, down from EUR 12.1 million in the first six months of the previous year. EBIT fell by 65.3% to EUR 4.2 million in the reporting period, down from EUR 12.1 million in the same period of the previous year.

At the same time, the financial result improved by 22.2%, or EUR 0.4 million, to EUR 2.2 million in the first half of 2019 (HY1/2018: EUR 1.8 million). However, this positive effect was not sufficient to offset the negative development in the profit before tax, which plunged by 54% to EUR 6.4 million year on year (HY1/2018: EUR 13.9 million).

In line with earnings, the income tax expense declined year on year, from EUR 4.1 million in the first six months of 2018 to EUR 2.9 million in the reporting period. Net profit plunged by 63.9% to EUR 3.5 million in the first six months of 2019, down from EUR 9.7 million in the same period of the previous year.

Earnings per share were EUR 0.07 for the first half of 2019, down from EUR 0.20 for the first half of 2018.

EBITDA and cash flow

EBITDA dropped by 29.7% year on year, from EUR 33.3 million in the first six months of 2018 to EUR 23.4 million in the first six months of 2019. Accordingly, the EBITDA margin fell to 17.1% in the first half of 2019 (from 22.2% in the same period of the previous year), thus demonstrating better resistance to the drop in revenue than other profitability indicators. The cash flow from operating activities dropped by 25.5% year on year, from EUR 27.5 million in the first half of 2018 to EUR 20.5 million in the reporting period, driven by increased expenditures for stock. The improvement in the trade payables turnover ratio did not fully offset the slowdown in the receivables turnover ratio. Together with the effect of accumulated cash in the same period of the previous year, however, it allowed the Group to boost its managerial cash position (cash and cash equivalents plus bank deposits) to EUR 144.9 million by June 30, 2019, up from EUR 126.5 million as of December 31, 2018. This improvement was possible despite the rise in capital expenditures to EUR 18.6 million in the first half of 2019, up from EUR 14.5 million in the same period of the previous year.

Balance sheet

As of June 30, 2019, total assets rose by 13.2% to EUR 432.3 million compared to December 31, 2018. This is due to the increase in both non-current assets (specifically, property, plant, and equipment as well as right-of-use assets) and current assets (specifically, cash and cash equivalents, inventories, and bank deposits). Trade receivables grew slightly compared to December 31, 2018, whereas contract assets climbed by 35.6% to EUR 11.8 million as of June 30, 2019. Compared to December 31, 2018, when it was 53.8%, the equity ratio rose by 1.9 percentage points to 55.7% as of June 30, 2019. Equity was EUR 240.9 million, an increase of 17.3% from EUR 205.4 million at the end of 2018. This increase is mainly due to the improvement by 14.6% in the currency translation reserve, from minus EUR 218.5 million as of December 31, 2018, to minus EUR 186.5 million as of the reporting date. The non-current liabilities of PeWeTe Group rose slightly by 3.0% as of June 30, 2019, whereas the current liabilities climbed by 20.3% or EUR 11.3 million due to the increase in trade payables.

Cash position

The managerial cash position—which is calculated as the sum of cash, cash equivalents, and bank deposits—rose by 14.5% to EUR 144.9 million as of June 30, 2019, up from EUR 126.5 million as of December 31, 2018. Taking into account both the improved debt service conditions and the strengthened equity ratio, the Group has enhanced its overall financial flexibility.

Risk report

The fact that leading economic powers are waging a trade war has led to uncertain perspectives with respect to both global growth and international trade. The global oilfield services industry (including Russia) faces an unstable situation as well: It is in the tough position of being the first to get hurt when oil prices plunge and the last to profit when they recover. With energy prices remaining low and currency volatility remaining high, external factors continue to put pressure on the Group. Additional pressure comes from customers that exert their influence through pricing and commercial conditions.

Related-party transactions

No transactions.

Outlook

Given subdued global growth, global oil consumption is likely to slow down as well. Russia's GDP outlook has been lowered to 1% for all of 2019, down from the previous estimate of 1.4%. Contrary to assumptions at the beginning of the year, the price of Brent crude is expected to fluctuate within a lower range in Q3 and Q4 of 2019, specifically, between USD 57 and USD 64 per barrel.

The effects from the decrease in drilling activities in the first half of 2019 are expected to make themselves felt during the year's second half and may result in a further deceleration of oil production in Russia. In July 2019, Russia exceeded its oil production cut quota under the OPEC+ agreement. Consequently, Russian oil production declined by 290,000 barrels per day compared to the level in October 2018. Any further reduction in drilling activities seems very unlikely, because this segment is the main driver of oilfield services.

Several factors will influence the development of revenue in the second half of 2019. Lower volumes in the fracturing segment will have a negative effect on the annual results. But an improvement in the performance of both the IPM and proppant segments will partly offset this negative trend. In addition, the ruble appreciated somewhat in July and August 2019, and we expect the average EUR/RUB exchange rate in the year's second half to be stronger than in the first, thus supporting the revenue flow expressed in euros. In sum, we anticipate a slight decrease in revenue from the level forecast back in April in the 2018 annual report, specifically, from between EUR 302 million and EUR 306 million to between EUR 295 million and EUR 300 million. The EBITDA margin for the current fiscal year is expected to be between 17% and 18%.

Events after the balance sheet date

On August 5, 2019, Petro Welt Technologies AG finalized the registration of its new business entity, PEWETE EVO SERVICES LLC, in Muscat, Oman, which is to provide the company's services locally in the Sultanate of Oman. Based on the experience it gained over the past 20 years, PeWeTe will provide coiled tubing, nitrogen, and fracturing equipment of various capabilities suitable for the Omani market.

Responsibility statement

We confirm to the best of our knowledge that these condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards. Furthermore, we confirm that this interim report reflects a true and fair view of any significant events that have occurred during the first six months of the 2019 fiscal year and their impact on the condensed consolidated interim financial statements. We also confirm that this interim report provides a true and fair view of the principal risks and uncertainties in the remaining six months of the 2019 fiscal year and of the major related-party transactions to be disclosed.

Vienna, August 21, 2019, Board of Management

Yury Semenov
Chief Executive Officer, CEO

Valeriy Inyushin
Chief Financial Officer, CFO

Consolidated Statement of Financial Position as at 30 June 2019

in EUR thousand (TEUR)	Note	06/30/2019	12/31/2018
Assets			
Non-current assets		157,187	140,604
Property, plant and equipment	2	149,495	135,530
Intangible assets	2	2,031	2,112
Right-of-use assets	3	1,856	–
Goodwill		611	611
Other assets		60	60
Deferred tax assets	7	3,134	2,291
Current assets		275,106	241,222
Inventories	4	41,972	32,346
Trade receivables	5	70,007	68,220
Contract assets	5	11,765	8,696
Bank deposits		49,289	931
Other current assets	5	5,184	4,524
Tax receivables	5	1,294	931
Cash and cash equivalents		95,595	125,574
Total assets		**432,293**	**381,826**
Equity and liabilities			
Equity		240,877	205,358
Share capital	6	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		266,203	262,698
Remeasurement of defined benefit plans		368	368
Currency translation reserve		(186,531)	(218,545)
Non-current liabilities		124,247	120,644
Non-current financial liabilities to affiliated parties	8	118,164	116,303
Non-current lease liabilities		1,207	–
Deferred tax liabilities	7	4,239	3,704
Employee benefits		637	637
Current liabilities		67,169	55,824
Trade payables	8	41,339	32,801
Other current liabilities	8	23,637	21,897
Current lease liabilities		686	–
Advance payments received	8	182	154
Income tax payables	8	1,325	972
Total equity and liabilities		**432,293**	**381,826**

Condensed Consolidated Income Statement for the Three and Six Months Ended 30 June 2019

in EUR thousand (TEUR)	Note	Q2 2019	Q2 2018	HY1 2019	HY1 2018
Continuing operations					
Gross sales to customers		76,045	77,788	140,518	154,433
Less materials supplied by customers		(1,293)	(3,238)	(3,570)	(4,289)
Revenue	9	74,752	74,550	136,948	150,144
Operating expenses		(65,361)	(64,111)	(123,025)	(128,825)
Less materials supplied by customers		1,293	3,238	3,570	4,289
Cost of sales	10	(64,068)	(60,873)	(119,455)	(124,536)
Gross profit		**10,864**	**13,677**	**17,493**	**25,608**
Administrative expenses		(6,037)	(6,388)	(11,515)	(12,095)
Selling expenses		(625)	(250)	(1,076)	(573)
Other operating income		536	592	892	1,208
Other operating expenses		(595)	(1,091)	(1,642)	(2,087)
Operating result		3,963	**6,540**	4,152	**12,061**
Finance income		2,433	1,842	4,914	3,914
Finance costs		(1,622)	(1,221)	(2,652)	(2,097)
Net finance income		**811**	**621**	**2,262**	**1,817**
Profit before income tax		**4,774**	**7,161**	**6,414**	**13,878**
Income tax expense	7	(2,040)	(1,677)	(2,909)	(4,112)
Profit after tax from continuing operations		**2,734**	**5,484**	**3,505**	**9,766**
Loss from discontinued operation (net of income tax)		–	(6)	–	(22)
Profit		**2,734**	**5,478**	**3,505**	**9,744**
Basic earnings per share in EUR	11	0.06	0.11	0.07	0.20
Diluted earnings per share in EUR	11	0.06	0.11	0.07	0.20

Consolidated Statement of Comprehensive Income for the Three and Six Months Ended 30 June 2019

in EUR thousand (TEUR)	Note	Q2 2019	Q2 2018	HY1 2019	HY1 2018
Profit		2,734	**5,478**	3,505	**9,744**
Items that may be reclassified to profit or loss:					
Foreign currency translation differences from:					
Translation of a foreign operation	1	2,849	(7,400)	22,240	(12,838)
Net investments in foreign operations	1	2,300	(3,980)	11,085	(6,771)
Income tax effect related to currency translation differences		(1,192)	(418)	(1,311)	242
Total other comprehensive income		3,957	**(11,798)**	32,014	**(19,367)**
Total comprehensive income		**6,691**	**(6,320)**	**35,519**	**(9,623)**

Consolidated Statement of Changes in Equity for the Six Months Ended 30 June 2019

in EUR thousand (TEUR)	Share capital	Capital reserve	Retained earnings	Remeasurement of defined benefit plans	Currency translation reserve: Functional currency	Currency translation reserve: Net investments	Total equity
As at 1 January 2018	48,850	111,987	251,889	263	(76,976)	(94,057)	241,956
Profit	–	–	9,744	–	–	–	9,744
Currency translation differences:							
Currency translation differences	–	–	–	–	(12,838)	–	(12,838)
Net investments, net of related tax	–	–	–	–	–	(6,529)	(6,529)
Total comprehensive income	**–**	**–**	**9,744**	**–**	**(12,838)**	**(6,529)**	**(9,623)**
As at 30 June 2018	**48,850**	**111,987**	**261,633**	**263**	**(89,814)**	**(100,586)**	**232,333**
As at 1 January 2019	48,850	111,987	262,698	368	(108,028)	(110,517)	205,358
Profit	–	–	3,505	–	–	–	3,505
Currency translation differences:							
Currency translation differences	–	–	–	–	22,240	–	22,240
Net investments, net of related tax	–	–	–	–	–	9,774	9,774
Total comprehensive income	**–**	**–**	**3,505**	**–**	**22,240**	**9,774**	**35,519**
As at 30 June 2019	**48,850**	**111,987**	**266,203**	**368**	**(85,788)**	**(100,743)**	**240,877**

Consolidated Cash Flow Statement for the Six months Ended 30 June 2019

in EUR thousand (TEUR)	Note	HY1 2019	HY1 2018
Profit before tax		6,414	**13,857**
Depreciation and amortization	2, 3	19,274	21,252
Loss on the disposal of fixed assets		397	–
Foreign exchange loss		709	230
Net finance income		(2,971)	(2,047)
Income taxes paid		(5,899)	(5,971)
Change in working capital		2,544	**209**
Change in inventories		(4,959)	32
Change in trade and other receivables		4,807	9,370
Change in contract assets		(2,085)	–
Change in trade and other liabilities		4,781	(9,193)
Cash flows from operating activities		**20,468**	**27,530**
Purchase of property, plant and equipment		(18,635)	(14,547)
Proceeds from sale of equipment		719	92
Addition to the cash deposits		(48,338)	(50,862)
Withdrawal of cash deposits		1,002	62,098
Interest received		4,742	3,202
Cash flows used in investing activities		**(60,510)**	**(17)**
Payments of lease liabilities		(391)	–
Cash flows used in financing activities		**(391)**	**–**
Effect of exchange rate changes on cash and cash equivalents		10,454	6,636
Net change in cash and cash equivalents		(29,979)	20,877
Cash and cash equivalents at 01 January		125,574	68,887
Cash and cash equivalents at 30 June		**95,595**	**89,764**
Of which: cash flows from discontinued operation		–	**–**
Cash flows used in operating activities		–	–

Notes to the Condensed Consolidated Interim Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

The condensed consolidated interim financial statements, which comprise Petro Welt Technologies AG (the "Company") and its subsidiaries (together with the Company referred to as the "Group") as at and for the three and six months ended 30 June 2019 were prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union (EU) and as applicable for interim financial reporting.

In accordance with IAS 34 the condensed consolidated interim financial statements have been prepared on a condensed scope and, therefore, should be read in connection with the most recent consolidated financial statements prepared as at 31 December 2018.

Accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019.

Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, with no restatement of comparative information.

The effect of adoption IFRS 16 as at 1 January 2019 is as follows:

- Right-of-use assets of TEUR 1,780
- Lease liabilities were recognised in amount of TEUR 1,780
- Considered adjustments had no effect on Company's equity

Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

A lease is classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. In case of an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Leases previously classified as finance leases
The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17).

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Application of the practical expedients
The Group applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Applied the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

in EUR thousand (TEUR)	
Operating lease commitments as at 31 December 2018	
Commitments previously classified as non lease components	2,018
Gross lease liabilities as at 1 January 2019	**2,018**
Effect from discounting	(238)
Lease liabilities as at 1 January 2019	**1,780**

The lease liabilities were discounted at the incremental borrowing rate as at 1 January 2019. The weighted average discount rate was 8.6%.

Right-of-use assets
At the commencement date of a lease, a lessee will recognize an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and a liability representing its obligation to make lease payments (i.e., the lease liability) during the lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
The Group recognises lease liabilities at the commencement date measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

As a lessor
The Group recognises the operating lease rent income within the drilling and sidetracking service agreements. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

Scope of consolidation

The scope of consolidation is unchanged in comparison to the balance sheet date 31 December 2018.

1. Currency translation

In the interim financial statements of the consolidated companies, transactions in foreign currency are translated into the functional currency (which is usually the local currency of the country of domicile) at the respective rates valid during the performance months on the basis of the official exchange rates of the Russian and European Central banks. The interim financial statements of the Russian companies are translated into the presentation currency (EUR) using the official exchange rates of the Russian Federation.

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

Currency (1 EUR=)	Closing rate as at 06/30/2019	Closing rate as at 12/31/2018	Average rate HY1 2019	Average rate HY1 2018
Russian Ruble (RUB)	71.8179	79.4605	73.8389	71.8223
Kazakhstan tenge (KZT)	433.08	439.37	428.48	395.39
US-Dollar (USD)	1.1386	1.1438	1.1301	1.2101

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

Currency (1 USD=)	Closing rate as at 06/30/2019	Closing rate as at 12/31/2018	Average rate HY1 2019	Average rate HY1 2018
Russian Ruble (RUB)	63.0756	69.4706	65.3384	59.3536
Kazakhstan tenge (KZT)	380.53	384.2	379.31	326.49

2. Non-current assets

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

in EUR thousand (TEUR)	Carrying amount 01/01/2019	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 06/30/2019
Intangible assets	2,112	–	–	1	(82)	2,031
Property, plant and equipment	135,530	20,153	(1,116)	13,777	(18,849)	149,495
Goodwill	611	–	–	–	–	611

in EUR thousand (TEUR)	Carrying amount 01/01/2018	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 06/30/2018
Intangible assets	2,291	–	–	(46)	(86)	2,159
Property, plant and equipment	153,787	17,029	(560)	(8,267)	(21,166)	140,823
Goodwill	1,110	532	–	–	–	1,642

On 21 September 2017, the Group acquired 100% of the shares and voting interests in Carbo Ceramics Cyprus Limited which was subsequently renamed to Wellprop Cyprus LIMITED. As at 31 December 2017 total consideration measured on a provisional basis amounted to USD 24,000,000 (EUR 19,996,675), including paid as at 31.12.2017 consideration of USD 22,000,000 (EUR 18,370,674) and total trade and other payables measured on a provisional basis amounting to TEUR 3,365. Share purchase agreement (SPA) includes consideration adjustment, which depends on the specified amounts of net debt, net working capital at closing date determined in SPA. On 29 June 2018, Management completed the process of negotiation with the seller in relation to consideration which finally comprises USD 25,650,000 (EUR 21,371,446) and trade and other payables which finally amounted to TEUR 2,522. The above changes during the reporting period resulted in the increase of goodwill and other current liabilities for TEUR 532 as at settlement date, resulting in total goodwill of TEUR 1,642. The total amount of goodwill has been allocated to the cash generating unit OOO Wellprop. The adjustment to consideration in the amount of USD 3,650,000 was fully settled on 2 July 2018. As at 31 December 2018 the Group performed impairment test of the above acquired cash generating unit and recognized the impairment of goodwill amounting to TEUR 1,031.

As at 30 June 2019 Property, plant and equipment includes advances given for property, plant and equipment in the amount of TEUR 13,112 (31 December 2018: TEUR 10,600).

3. Right-of-use assets

Changes in right-of-use assets between 1 January and 30 June are as follows:

in EUR thousand (TEUR)	Right-of-use: Land	Right-of-use: Buildings	Total
Cost			
As at 31 December 2018	–	–	–
Transition to IFRS 16	9	1,771	1,780
As at 1 January 2019	9	1,771	1,780
Additions	11	281	292
Exchange differences	–	134	134
As at 30 June 2019	20	2,186	2,206
Accumulated depreciation			
As at 1 January 2019	–	–	–
Depreciation	(3)	(340)	(343)
Exchange differences	–	(7)	(7)
As at 30 June 2019	(3)	(347)	(350)
Net book value			
As at 1 January 2019	9	1,771	1,780
As at 30 June 2019	17	1,839	1,856

4. Inventories

in EUR thousand (TEUR)	06/30/2019	12/31/2018
Spare parts and other materials	27,657	22,584
Raw material	9,385	5,962
Fuel and lubricants	3,485	2,793
Finished goods and goods for resale	1,445	1,007
	41,972	**32,346**

5. Current receivables

in EUR thousand (TEUR)	06/30/2019	12/31/2018
Trade receivables	70,007	68,220
Contract assets	11,765	8,696
Other current assets	5,184	4,524
Tax receivables	1,294	931
	88,250	**82,371**

6. Equity

Share capital as at 30 June 2019 amounted to TEUR 48,850 (31 December 2018: TEUR 48,850).

7. Deferred tax

in EUR thousand (TEUR)	HY1 2019	HY1 2018
Current tax expenses	2,677	3,167
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	(636)	1,347
Withholding tax	1,112	418
Income taxes from previous years	(244)	(820)
Current and deferred tax expenses	**2,909**	**4,112**

Deferred taxes relate to the following items:

in EUR thousand (TEUR)	06/30/2019 Deferred tax assets	06/30/2019 Deferred tax liabilities	12/31/2018 Deferred tax assets	12/31/2018 Deferred tax liabilities
Tax loss carryforward	4,509	–	4,520	–
Deferred expenses/liabilities	4,073	–	3,625	–
Fixed assets/depreciation	-	(9,640)	–	(9,497)
Other	1,017	(1,064)	930	(991)
Netting	(6,465)	6,465	(6,784)	6,784
	3,134	**(4,239)**	**2,291**	**(3,704)**

8. Current and non-current liabilities

in EUR thousand (TEUR)	06/30/2019	12/31/2018
Non-current financial liabilities to affiliated parties	118,164	116,303
Trade payables	41,339	32,801
Other current liabilities	23,637	21,897
Advance payments received	182	154
Income tax payables	1,325	972
	184,647	**172,127**

For further details on the non-current financial liabilities to affiliated parties refer to note 13.

9. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers except for operating rent income. The nature and effect of initially applying IFRS 15 on the Group's interim financial statements are disclosed in Note Changes in significant accounting policies.

Disaggregation of revenue

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). The Adoption of IFRS 15 did not significantly impact the Group's revenue recognition for oil field services except for presentation of materials supplied by customers. The group adjusted the presentation of revenue for HY1 2018 such that costs related to certain materials supplied by customers have been excluded from revenue and cost of sales.

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (refer to note 12).

Disaggregated revenue HY1 2019

in EUR thousand (TEUR)	Well Services	Drilling, Sidetracking and IPM	Proppant Production	Total segments	Reconciliation	Group
External sales	64,237	67,806	4,905	136,948	–	136,948
Group sales	643	128	1,381	2,152	(2,152)	–
Total sales	**64,880**	**67,934**	**6,286**	**139,100**	**(2,152)**	**136,948**
Primary geographical markets						
Russia	61,480	67,934	4,639	134,053	(1,849)	132,204
Ukraine	–	–	660	660	–	660
Central African countries	–	–	684	684	–	684
Kazakhstan	3,400	–	303	3,703	(303)	3,400
Total sales	**64,880**	**67,934**	**6,286**	**139,100**	**(2,152)**	**136,948**
Major products/service lines						
Hydraulic fracturing	63,032	–	–	**63,032**	(643)	**62,389**
Sidetrack drilling	–	30,319	–	**30,319**	(30)	**30,289**
Conventional drilling	–	27,733	–	**27,733**	(98)	**27,635**
Cementing	1,345	–	–	**1,345**	–	**1,345**
Operating rent income	–	9,878	–	**9,878**	–	**9,878**
Sale of proppant	–	–	6,286	**6,286**	(1,381)	**4,905**
Other services	503	4	–	**507**	–	**507**
Total sales	**64,880**	**67,934**	**6,286**	**139,100**	**(2,152)**	**136,948**

Timing of revenue recognition						
Services transferred at a point in time	–	–	6,286	**6,286**	**(1,381)**	**4,905**
Short-term services	64,880	–	–	**64,880**	**(643)**	**64,237**
Services transferred over time	–	58,056	–	**58,056**	**(128)**	**57,928**
Operating rent income	–	9,878	–	**9,878**	**–**	**9,878**
Total sales	64,880	67,934	**6,286**	**139,100**	**(2,152)**	**136,948**

Disaggregated revenue HY1 2018

in EUR thousand (TEUR)	Well Services	Drilling, Sidetracking and IPM	Proppant Production	Total segments	Recon-ciliation	Group
External sales	85,271	59,960	4,913	150,144	–	150,144
Group sales	538	102	871	1,511	(1,511)	–
Total sales	**85,809**	**60,062**	**5,784**	**151,655**	**(1,511)**	**150,144**
Primary geographical markets						
Russia	82,779	60,062	5,784	148,625	(1,511)	147,114
Kazakhstan	3,030	–	–	3,030	–	3,030
Total sales	**85,809**	**60,062**	**5,784**	**151,655**	**(1,511)**	**150,144**
Major products/service lines						
Hydraulic fracturing	83,019	–	–	**83,019**	(538)	**82,481**
Sidetrack drilling	–	27,563	–	**27,563**	(65)	**27,498**
Conventional drilling	–	32,481	–	**32,481**	(37)	**32,444**
Cementing	2,371	–	–	**2,371**	–	**2,371**
Sale of proppant	–	–	5,784	**5,784**	(871)	**4,913**
Other services	419	18	–	**437**	–	**437**
Total sales	**85,809**	**60,062**	**5,784**	**151,655**	**(1,511)**	**150,144**
Timing of revenue recognition						
Services transferred at a point in time	–	–	5,784	**5,784**	**(871)**	**4,913**
Short-term services	85,809	–	–	**85,809**	**(538)**	**85,271**
Services transferred over time	–	60,062	–	**60,062**	**(102)**	**59,960**
Total sales	**85,809**	**60,062**	**5,784**	**151,655**	**(1,511)**	**150,144**

10. Cost of sales

in EUR thousand (TEUR)	Q2 2019	Q2 2018	HY1 2019	HY1 2018
Raw materials	18,630	21,428	34,954	46,407
Direct costs	18,221	14,976	33,607	27,929
Depreciation	9,804	10,560	18,792	21,171
Wages and salaries	11,906	8,546	22,264	19,282
Social tax	3,667	3,894	6,797	7,266
Other costs	1,840	1,469	3,041	2,481
Total	**64,068**	**60,873**	**119,455**	**124,536**

11. Earnings per share

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

		Q2 2019	Q2 2018	HY1 2019	HY1 2018
Common stock	thousand	48,850	48,850	48,850	48,850
Profit after tax	EUR thousand	2,734	5,484	3,505	9,766
Earnings by share	EUR	0.06	0.11	0.07	0.20

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

12. Segment reporting

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

- Well Services – services for hydraulic fracturing (operated by OOO KATKoneft and TOO PWT Kazakhstan);
- Drilling, Sidetracking and Integrated Project Management (IPM) – services for conventional drilling, sidetrack drilling (operated by OOO KAT-oil Drilling and OOO KATOBNEFT).
- Proppant Production (operated by OOO Wellprop).

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

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

Segment information as at and for the six months ended 30 June 2019 and 30 June 2018 is presented below.

Reporting segments HY1 2019

in EUR thousand (TEUR)	Well Services	Drilling, Sidetracking and IPM	Proppant Production	Total segments	Recon-ciliation	Group
External sales	64,237	67,806	4,905	136,948	–	136,948
Group sales	643	128	1,381	2,152	(2,152)	-
Total sales	**64,880**	**67,934**	**6,286**	**139,100**	**(2,152)**	**136,948**
Operating result	**4,437**	**2,542**	**1,272**	**8,251**	**(4,099)**	**4,152**
Interest income and expenses						2,971
Other financial result						(709)
Profit before tax						**6,414**
Income tax						(2,909)
Profit after tax from continuing operations						**3,505**

Reporting segments HY1 2018

in EUR thousand (TEUR)	Well Services	Drilling, Sidetracking and IPM	Proppant Production	Total segments	Recon-ciliation	Group
External sales	85,271	59,960	4,913	150,144	–	150,144
Group sales	538	102	871	1,511	(1,511)	–
Total sales	**85,809**	**60,062**	**5,784**	**151,655**	**(1,511)**	**150,144**
Operating result	**11,471**	**1,942**	**1,298**	**14,711**	**(2,650)**	**12,061**
Interest income and expenses						2,047
Other financial result						(230)
Profit before tax						**13,878**
Income tax						(4,112)
Profit after tax from continuing operations						**9,766**

13. Related parties

As at 30 June 2019 the non-current financial liabilities against Petro Welt Holding (Cyprus) Ltd. amounted to TEUR 118,164, including accrued interest (31 December 2018: TEUR 116,303). In the period 1 January to 30 June 2019, the interest expenses resulting from these financial liabilities amounted to TEUR 1,861 (in the period 1 January to 30 June 2018: TEUR 1,869). This corresponds to an average interest rate of 3.7% (in the period 1 January to 30 June 2018: 3.7%).

On 11 July 2018, the Company signed amendment agreement for the loan of TEUR 100,000 that set interest at 3.42% above 6m EURIBOR rate since 1 January 2019 and prolonged the maturity of the loan and accrued interest until 31 December 2022, interest accruing during the remaining term of the loan are payable at loan maturity date.

The Group has conducted the following transactions with related parties:

in EUR thousand (TEUR)	Transaction value		Outstanding balance		Transaction description
	HY1 2019	HY1 2018	06/30/2019	12/31/2018	
Subsidiaries					
Fairtune East Ltd., Moscow	113	187	21	33	Rental fee

Remuneration of key management personnel was as follows:

Magement Board remuneration

in EUR thousand (TEUR)	HY1 2019	HY1 2018
Management Board remuneration	567	365

Second level management remuneration

in EUR thousand (TEUR)	HY1 2019	HY1 2018
Second level management salaries	777	817

14. Financial instruments

Carrying amounts of Financial Instruments were as follows:

Financial assets measured at amortised costs

in EUR thousand (TEUR)	06/30/2019	12/31/2018
Cash and cash equivalents	95,595	125,574
Bank deposits	49,289	931
Trade receivables	70,007	68,220
Contract assets	11,765	8,696
Other receivables	2,248	1,616
Total	**228,904**	**205,037**

Financial liabilities measured at amortised costs

in EUR thousand (TEUR)	06/30/2019	12/31/2018
Long term debts	118,164	116,303
Trade payables	41,339	32,801
Non-current lease liabilities	1,207	–
Current lease liabilities	686	–
Other current liabilities	4,742	4,171
Total	**166,138**	**153,275**

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

15. Litigations and claims

On 10 April 2015 the Company filed a statement of facts at the Central Public Prosecutor's Office for the Prosecution of Economic Crimes and Corruption in Vienna. The statement of facts refers to circumstances, which set out reasons substantiating reasonable suspicion of breach of trust that came to the attention of the new Management Board. With filing dated 9 September 2015 the Company extended its private claim to TEUR 27,500.

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

The Company filed against former members of Management Board claim amounting to TEUR 1,540 due to the unlawful and premature payment of compensation. The Company was in process of assessing potential claims regarding the activities of its subsidiary Petro Welt GEODATA GmbH, which generated significant operational losses in the past. For that reason, the Company filed a criminal complaint to the Public Prosecutor's Office in Vienna on 17 November 2015 within the pending criminal proceedings. Due to sale of Petro Welt Geodata GmbH, the further legal proceedings shall be entirely at the discretion of new owner and the Company shall have no responsibility for the outcome or liability resulting from it.

16. Events after the reporting date

On 5 August 2019, Petro Welt Technologies AG finalized the registration of its new local business entity PEWETE EVO SERVICES LLC in Muscat, which is to provide the company's services in the Sultanate of Oman. Based on the experience acquired over the last 20 years, the company will provide coiled tubing, nitrogen and fracturing equipment of various capabilities suitable for the Oman market.

Vienna, 21 August 2019, Board of Management

Yury Semenov
Chief Executive Officer, CEO

Valeriy Inyushin
Chief Financial Officer, CFO

Your Notes

Your Notes

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