Petro Welt Technologies

Condensed consolidated interim financial statements as of June 30, 2020

FINANCIAL KEY FIGURES

in EUR million	HY1 2020	HY1 2019	Change
Revenue	154.0	136.9	12.5%
Gross profit	26.6	17.5	52.0%
EBIT	13.0	4.2	209.5%
EBIT margin	8.4%	3.1%	
EBITDA	29.1	23.4	24.4%
EBITDA margin	18.9%	17.1%	
Group result	8.3	3.5	137.1%
Earnings per share (EUR)	0.17	0.07	137.1%
Balance sheet total[1]	413.3	452.7	(8.7%)
Equity[1]	224.0	254.3	(11.9%)
Equity ratio[1]	54.2%	56.2%	
Cash flow from operating activities	22.4	20.5	9.3%
Cash flows (used in)/from investing activities	(15.3)	(60.5)	(74.7%)
Cash flow used in financing activities	(0.1)	(0.4)	(75.0%)
Cash and cash equivalents[2]	130.7	95.6	36.7%
EUR exchange rate at the end of the reporting period	78.6812	69.3406	13.5%
EUR average exchange rate for the reporting period	76.4417	73.8389	3.5%
Employees (average)	3,379	3,348	0.9%

[1] As of June 30, 2020 and December 31, 2019 respectively
[2] As of June 30, 2020 and June 30, 2019 respectively

CONTENT

MANAGEMENT REPORT HY1 2020

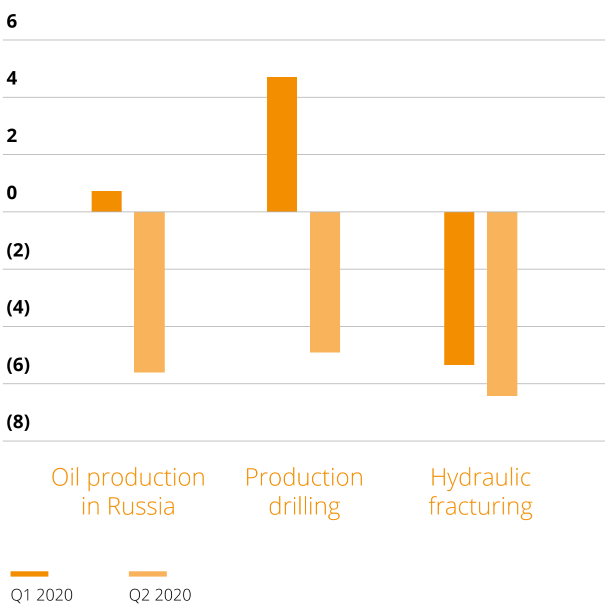
EXTERNAL ENVIRONMENT

RUSSIA

In Russia, economic activity contracted by double-digits in April and May 2020 as strict lockdown measures related to the Covid-19 pandemic forced closures of non-essential businesses, in turn prompting a broad-based downturn in the industrial sector.

As a result, demand for products from the extractive industries fell by 6.3% in the first half of 2020 compared with the same period of the previous year, dropping by 13.4% in June alone. Oil production decreased by 4.9% to 264.7 million tons in the year's first half, with an accelerating trend in the second quarter. In June, for example, the year-on-year decline was 16.4%. Exports fell by 5.7% in the reporting period. Russia's oil production and exports are expected to decline yet further under the new OPEC+ agreement, the terms of which were updated on June 6, 2020. Having cut production by 2.47 million barrels per day by the end of June, the country has almost fully met its obligations to reduce its oil output by 2.53 million barrels per day under the terms of the deal.

_ Key indicators of Russian oil production (in %)



The production of natural gas fell by 9.7% to 340.8 billion cubic meters year on year, dropping by 12.3% or 47.7 billion cubic meters of gas in June alone.

On the whole, industrial production shrank by 3.5%.

Russia's gross domestic product (GDP) declined by 6.4% year on year in July 2020, which was the third straight monthly decline in GDP during the Covid-19 pandemic.

The country's annual inflation rate rose to 3.2% in June 2020 – the highest since November 2019. The ruble continued to depreciate, from an average exchange rate of 73.84 rubles per euro in the first half of 2019 to 76.44 rubles per euro in the first half of 2020.

At the beginning of January 2020, the price of Brent crude was USD 68.44 per barrel. With oil demand falling off the cliff in the wake of the lockdowns and travel restrictions enacted in connection with the Covid-19 pandemic, oil prices have hit a major slump since then. As a result, oil prices plummeted to a record low of USD 20.46 at the end of April 2020 before recovering in May and June, closing the year's first half at a price of USD 41.71 per barrel.

In the Russian oil production market, the first half of 2020 was a test of strength for all participants. The plunge in oil prices and the subsequent decline in production triggered a strong downturn in oil companies' orders for oilfield services.

Due to the decrease in oil production by 4.9% on average, oilfield service companies shut down approximately 15% to 20% of their capacity (including drilling and hydraulic fracturing activities among others). The bankruptcy of the IDS Group was a major event in the oilfield services market. This Russian company held about 25% of the sidetracking market with a portfolio that encompassed telemetry and drilling mud services.

Given the nature of its activities (stimulation), the hydraulic fracturing segment reacted the most to the drop in oil production. According to CDU TEK, the total decrease in physical volumes during the first half of 2020 was around 11% year on year, but occurred mainly in the year's second quarter.

Production drilling seemed to be more resistant to the turmoil in the oil market, declining by only 0.4% in the first half of 2020 compared with the first half of 2019. However, its resilience was achieved mostly due to the strong momentum in the year's first quarter when the drilled meterage outperformed the Q1 2019 indicator by 4.7%. In the second quarter of 2020, the drilled meterage declined significantly by 4.9% year on year.

Oil production is expected to continue to decline in the third quarter of 2020. Forecasts indicate that production output in 2021 will remain at the 2020 level.

KAZAKHSTAN

Against the backdrop of global negative trends, Kazakhstan's GDP decreased by 1.8% in the first half of 2020 compared with the same period in 2019. While a contraction in both consumption and services was the main driver of this decline, the economy's real sector saw steady growth at the same time. In the first half of 2020, the country's production of goods increased by 4.1% year on year and industrial production rose by 3.1% mainly driven by manufacturing. Because it is not a party to the OPEC+ agreement, Kazakhstan saw its oil production output grow by 1.4% in the first half of 2020 compared with the same period in 2019.

Kazakhstan's oilfield services market stagnated in the year's first half. Most of the major oil companies have postponed their production volumes.

ROMANIA

Just as the global economy, Romania's economy too has been strongly affected by the major adverse impact of and the unprecedented uncertainty resulting from the Covid-19 pandemic. The country's annual inflation rate was 2.6% in June 2020 compared with 3.8% in June 2019. The disinflationary trend stems mainly from the plunge in fuel prices and the palpable downturn in aggregate demand. Romania's oil services sector also experienced a pause in operations during the reporting period. In the first six months of 2020, total turnover in the mining industry dropped by 15.2% year on year. Annual GDP growth in 2020 is expected to be significantly negative, declining by between 5% and 6%. The RON/EUR exchange rate saw lower fluctuations, moving in a narrow range during the year's second quarter.

PERFORMANCE OF THE PEWETE GROUP

HIGHLIGHTS OF THE FIRST SIX MONTHS OF 2020

- Revenue expressed in euros and rubles, respectively, grew by 12.5% and 16.4%.
- The revenue increase in all segments followed the general dynamics of the oilfield services market in the first and second quarters of 2020.
- The successful optimization of both the cost of sales and administrative expenses, combined with the growth in revenue, led to an impressive increase in all profit indicators.
- Thanks to its cash receipts, the Group was able to reverse a significant portion of the bad debt allowances it had taken in 2019.
- Management decided to limit all CapEx programs in the Russian market due to the crisis in the global oil market and the negative impact of the lockdowns related to Covid-19.

Total Group revenue was EUR 154.0 million in the first half of 2020, up a remarkable 12.5% from EUR 136.9 million in the same period of the previous year. Expressed in Russian rubles, revenue even rose by 16.4%.

The cost of sales grew at a slower rate, making it possible to substantially boost the Group's gross profit margin from 12.8% in the first half of 2019 to 17.3% in the reporting period.

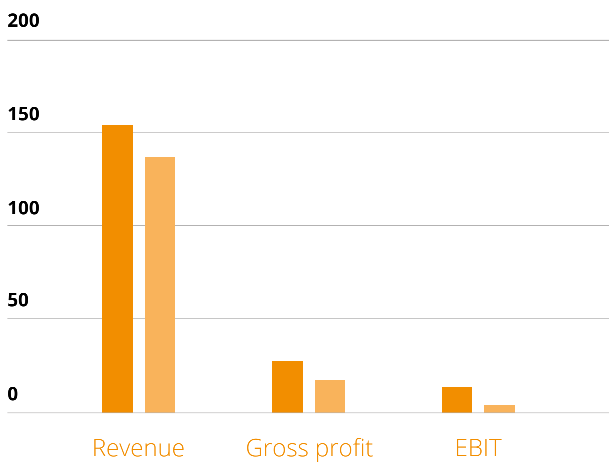
EBIT more than doubled to EUR 13.0 million, in turn pushing the EBIT margin for the first six months of 2020 to 8.4% (HY1 2019: 3.1%)

Note that both gross profit and EBIT continued to expand in the second quarter of 2020 compared with the second quarter of 2019 despite difficult market conditions thanks to management's prompt actions aimed at strengthening production discipline and imposing strict controls on both general and administrative expenditures.

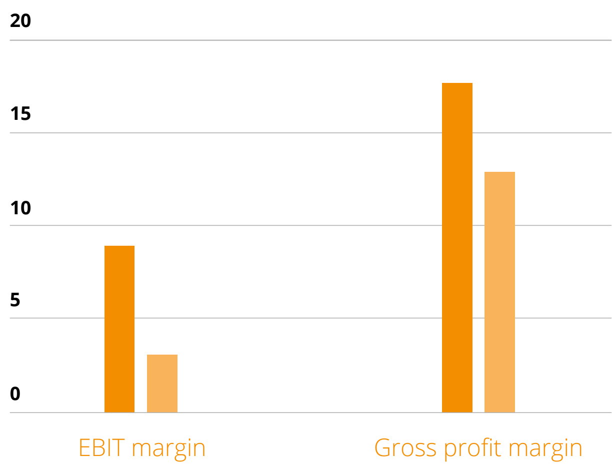
Finance income dropped by 40.8%, from EUR 4.9 million in the first half of 2019 to EUR 2.9 million in the first half of 2020. This decline reflects decreasing bank rates. The substantial foreign exchange loss during the second quarter of 2020 reduced the net financial result by 34.8% to EUR 1.5 million.

_ Profit indicators improved

(in EUR million)



(in %)



HY1 2020 HY1 2019

_ Segment reporting

External revenues		HY1 2020	HY1 2019	Change	Change in %
Well Services and Stimulation	**in EUR million**	**73.0**	**64.2**	**8.8**	**13.7**
Jobs	number	2,596	1,925	671	34.9
Average revenue per job	in EUR thousand	28.1	33.4	(5.2)	(15.7)
Share of revenues	in %	47.4	46.9	-	-
Drilling, Sidetracking, and IPM	**in EUR million**	**75.8**	**67.8**	**8.0**	**11.8**
Jobs	number	145	124	21	16.9
Average revenue per job	in EUR thousand	523.3	546.8	(23.5)	(4.3)
Share of revenues	%	49.2	49.5	-	-
Proppant Manufacturing	**in EUR million**	**5.2**	**4.9**	**0.3**	**6.1**
Total	**in EUR million**	**154.0**	**136.9**	**17.1**	**12.5**

The Group's net result jumped by 137.1% to EUR 8.3 million.

Thanks to its ability to generate cash, the Group was able to reverse the main portion of the bad debt allowances it had taken in 2019.

Well Services and Stimulation segment
In the first half of 2020, the Well Services and Stimulation segment posted a 13.7% increase in revenue to EUR 73.0 million (HY1 2019: EUR 64.2 million).

The growth of 34.9% in the job count made the revenue growth possible despite the decrease by 15.7% in the revenue per job. During the reporting period, the Group performed 2,596 operations (HY1 2019: 1,925). The revenue per job was EUR 28.1 thousand (HY1 2019: EUR 33.4 thousand).

Drilling, Sidetracking, and IPM segment
The Drilling, Sidetracking, and IPM segment contributed EUR 75.8 million to the Group's revenue for the first half of 2020, up 11.8% from the same period of the previous year. This segment managed to increase its operations year on year by 16.9% to 145 jobs. The non-productive time rate (NPTr) fell significantly in the sidetracking subsegment, in turn boosting the Group's profitability.

Proppant Manufacturing segment
In the reporting period, revenue from proppant sales increased by 6.1% to EUR 5.2 million year on year.

Given the crisis in the global oil industry, management decided to suspend the construction project related to the second production line. The Group is in the process of negotiating the return of advances paid and is utilizing parts and equipment already received.

EBITDA AND CASH FLOW

In the first six months of 2020, Group EBITDA jumped by 24.4% to EUR 29.1 million compared with the same period of the previous year. Accordingly, the EBITDA margin rose to 18.9% in the reporting period, up from 17.1% in 2019.

At EUR 22.4 million, the cash flow from operating activities in the reporting period increased by 9.3% year on year. Thanks to the growth in its operating activities, the Group thus was able to hold operating cash flow steady despite worsening payment conditions related to extended payment terms.

In the first half of 2020, the cash flow from investing activities plunged by 74.7% to EUR 15.3 million compared with the same period of the previous year. This decline was mostly due to the decrease in bank deposits with maturities exceeding three months in favor of periods less than 90 days.

The managerial liquidity position containing bank deposits, cash, and cash equivalents was EUR 137.9 million as of June 30, 2020, down by 4.2% compared with the position as of December 31, 2019.

BALANCE SHEET

The Group's current assets fell by 7.8% due to the reduction in trade receivables and contract assets, which declined by 13.0% and 11.0%, respectively. Trade payables were down 10.4%, which caused current liabilities to drop by 13.3% in toto, thus improving the Group's current liquidity position.

The decrease in equity by 11.9% to EUR 224.0 million lowered the equity ratio to 54.2% as of June 30, 2020, compared with 56.2% as of December 31, 2019. This development stems from the considerable growth in the currency translation reserve by 22% during the first half of 2020 due to the depreciation of the Russian ruble.

RISK REPORT

The high eventuality that customers will cut their production programs has become the key risk for the remainder of 2020. Both squeezed supply and fragile demand in the global oil market are forcing oil companies to review their production plans month to month. As a result, revenues from oilfield services are not secure, and the volatility of operational volumes has a negative impact on the management of unit costs. Declining cash inflows due to lower oil prices and the drop in sales limits overall CapEx, in turn worsening payment discipline in the oil industry. New requirements, which clients have imposed with respect to admission orders, medical insurance, production timelines, etc., pursuant to governmental orders related to Covid-19, also restrain the operational efficiency of oilfield service players. Declining income from energy exports in the oil-producing countries leads to the deterioration in trade balances, in turn triggering currency fluctuations with a high probability of devaluation.

RELATED-PARTY TRANSACTIONS

See note 12 of the condensed consolidated interim financial statements.

OUTLOOK

Even though oil prices temporarily stabilized between USD 40 and USD 45 per barrel in July and August 2020, forecasts for the world economy are far from optimistic. Global markets have reacted to negative and positive news related to Covid-19 with excessive up-and-down dynamics. Generally, the second half of 2020 is expected to be much more difficult for the oil industry than the year's first half because the OPEC+ agreement will have a real impact on limiting oil production. The third quarter of 2020 promises to be crucial for key decisions on the part of oil majors with regard to the perspective in the medium term. If economic conditions stop deteriorating and if leading oil players forecast a somewhat stable future for the next six to nine months, the market will see an increase in the volume of work. In such a situation, the PeWeTe Group will choose a strategy that entails balancing the rate of production capacity utilization against the need to maintain profitability. Taking into account the financial reserves that the Group built up in terms of its profit and its liquidity position during the first half of 2020, it now has the necessary flexibility to adapt to any business scenario during the second half of 2020. However, taking into account the risk of a continued decline in the number of customer orders, which has been partly evident in August, as well as the remaining probability that both the Russian ruble and the Kazakhstan tenge will see further devaluations, we lowered our forecast as to Group revenue for the 2020 fiscal year from between EUR 278 and EUR 285 million to between EUR 275 and EUR 282 million. The Group hopes to keep the EBITDA margin between 16% and 16.5%, as stated earlier.

EVENTS AFTER THE BALANCE SHEET DATE

See note 15 of the condensed consolidated interim financial statements.

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 2020 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 2020 fiscal year and of the major related-party transactions to be disclosed.

Vienna, August 20, 2020

Yury Semenov __ Chief Executive Officer

Valeriy Inyushin __ Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2020

TEUR	Notes	06/30/2020	12/31/2019
Assets			
Non-current assets		**149,719**	**166,897**
Property, plant and equipment	2	145,306	161,107
Intangible assets	2	1,927	2,010
Right-of-use assets		294	360
Goodwill		611	611
Other assets		78	78
Deferred tax assets	6	1,503	2,731
Current assets		**263,623**	**285,844**
Inventories	3	40,417	43,530
Trade receivables	4	67,011	77,049
Contract assets	4	12,961	14,556
Bank deposits		7,202	5,350
Other current assets	4	4,730	5,752
Income tax receivable	4	598	997
Cash and cash equivalents		130,704	138,610
Total assets		**413,342**	**452,741**
Equity and liabilities			
Equity		**223,959**	**254,272**
Share capital	5	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		276,944	268,609
Remeasurement of defined benefit plans		321	321
Currency translation reserve		(214,143)	(175,495)
Non-current liabilities		**125,856**	**125,239**
Non-current financial liabilities to affiliated parties	7	121,141	119,298
Non-current lease liabilities		100	221
Deferred tax liabilities	6	4,234	5,339
Employee benefits		381	381
Current liabilities		**63,527**	**73,230**
Trade payables	7	39,668	44,344
Other current liabilities	7	23,342	27,216
Current lease liabilities	7	201	146
Advance payments received	7	76	827
Income tax payables	7	240	697
Total equity and liabilities		**413,342**	**452,741**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

TEUR	Notes	Q2 2020	Q2 2019	HY1 2020	HY1 2019
Revenue	8	69,143	74,752	153,992	136,948
Cost of sales	9	(56,621)	(64,068)	(127,406)	(119,455)
Gross profit		**12,522**	**10,864**	**26,586**	**17,493**
Administrative expenses		(5,794)	(6,037)	(11,784)	(11,515)
Selling expenses		(448)	(625)	(972)	(1,076)
Other operating income		1,705	536	2,373	892
Other operating expenses		(3,022)	(595)	(3,173)	(1,642)
Operating result		**4,963**	**3,963**	**13,030**	**4,152**
Finance income		1,272	2,433	2,941	4,914
Finance costs		(3,017)	(1,622)	(1,449)	(2,652)
Net finance income		**(1,745)**	**811**	**1,492**	**2,262**
Profit before income tax		**3,218**	**4,774**	**14,522**	**6,414**
Income tax expense	6	(3,568)	(2,040)	(6,187)	(2,909)
Profit/(loss)		**(350)**	**2,734**	**8,335**	**3,505**
Basic earnings per share in EUR	10	-	0.06	0.17	0.07
Diluted earnings per share in EUR	10	-	0.06	0.17	0.07

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

TEUR	Notes	Q2 2020	Q2 2019	HY1 2020	HY1 2019
Profit/(loss)		**(350)**	**2,734**	**8,335**	**3,505**
Items that may be reclassified to profit or loss:					
Foreign currency translation differences from:					
Translation of a foreign operation	1	14,728	2,849	(26,749)	22,240
Net investments in foreign operations	1	10,319	2,300	(13,369)	11,085
Income tax effect related to currency translation differences		991	(1,192)	1,470	(1,311)
Total other comprehensive income		**26,038**	**3,957**	**(38,648)**	**32,014**
Total comprehensive income		**25,688**	**6,691**	**(30,313)**	**35,519**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2020

					Currency translation reserve		
TEUR	Share capital	Capital reserve	Retained earnings	Remeasurement of defined benefit plans	Functional currency	Net investments	Total equity
As of January 1, 2019	48,850	111,987	262,698	368	(108,028)	(110,517)	205,358
Profit	-	-	3,505	-	-	-	3,505
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 of June 30, 2019	**48,850**	**111,987**	**266,203**	**368**	**(85,788)**	**(100,743)**	**240,877**
As of January 1, 2020	48,850	111,987	268,609	321	(77,909)	(97,586)	254,272
Profit	-	-	8,335	-	-	-	8,335
Currency translation differences	-	-	-	-	(26,749)	-	(26,749)
Net investments, net of related tax	-	-	-	-	-	(11,899)	(11,899)
Total comprehensive income	**-**	**-**	**8,335**	**-**	**(26,749)**	**(11,899)**	**(30,313)**
As of June 30, 2020	**48,850**	**111,987**	**276,944**	**321**	**(104,658)**	**(109,485)**	**223,959**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED JUNE 30, 2020

TEUR	Notes	HY1 2020	HY1 2019
Profit before tax		**14,522**	**6,414**
Depreciation, amortization and impairment losses	2	16,035	19,274
Net (gain)/loss on the disposal of property, plant and equipment		(217)	397
Foreign exchange (gain)/loss		(400)	709
Net finance income		(1,092)	(2,971)
Income taxes paid		(4,313)	(5,899)
Change in working capital		**(2,112)**	**2,544**
Change in inventories		(1,943)	(4,959)
Change in trade and other receivables		1,898	4,807
Change in contract assets		(137)	(2,085)
Change in trade and other liabilities		(1,930)	4,781
Cash flows from operating activities		**22,423**	**20,468**
Purchase of property, plant and equipment		(17,652)	(18,635)
Proceeds from sale of equipment		1,163	719
Addition to cash deposits		(7,651)	(48,338)
Withdrawal of cash deposits		5,742	1,002
Interest received		3,097	4,742
Cash flows used in investing activities		**(15,301)**	**(60,510)**
Payment of lease liabilities		(91)	(391)
Cash flows used in financing activities		**(91)**	**(391)**
Effect of exchange rate changes on cash and cash equivalents		(14,937)	10,454
Net change in cash and cash equivalents		(7,906)	(29,979)
Cash and cash equivalents at January 1		138,610	125,574
Cash and cash equivalents at June 30		**130,704**	**95,595**

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 of and for the three and six months ended June 30, 2020 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 of December 31, 2019.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

AMENDMENTS TO IFRS 3: DEFINITION OF A BUSINESS

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

AMENDMENTS TO IFRS 7, IFRS 9 AND IAS 39: INTEREST RATE BENCHMARK REFORM

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

AMENDMENTS TO IAS 1 AND IAS 8: DEFINITION OF MATERIAL

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity".

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

SCOPE OF CONSOLIDATION

The scope of consolidation is unchanged in comparison to the balance sheet date December 31, 2019.

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 of 06/30/2020	Closing rate as of 12/31/2019	Average rate HY1 2020	Average rate HY1 2019
Russian ruble (RUB)	78.6812	69.3406	76.4417	73.8389
Kazakh tenge (KZT)	455.12	426.85	445.45	428.48

2. NON-CURRENT ASSETS

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

TEUR	Carrying amount 01/01/2020	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 06/30/2020
Intangible assets	2,010	10	-	(6)	(87)	1,927
Property, plant and equipment	161,107	17,648	(946)	(16,651)	(15,852)	145,306
Goodwill	611	-	-	-	-	611

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

As of June 30, 2020 property, plant and equipment includes advances given for property, plant and equipment in the amount of TEUR 11,879 (December 31, 2019: TEUR 16,980).

The Group performs its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The Group's impairment test is based on value-in-use calculations.

As a result of an analysis as of June 30, 2020 indicators of impairment were revealed. Recoverable amounts of cash-generating units were recalculated. In case the carrying amount exceeds the recoverable amount, an impairment loss is recognized. Based on the impairment tests as of June 30, 2020 no impairment has been identified.

Key assumptions used in impairment test	**06/30/2020**	**12/31/2019**
Information used	Actual operating results for the first half-year 2020 and business plans for the period of second half-year 2020–2024	Actual operating results for the year 2019 and business plans for 2020–2024
Forecast period	4.5 years period (the second half-year 2020–2024)	5 years (2020–2024)
Consolidated forecast of volume of hydraulic fracturing and drilling operations	Based on management forecast of future trends and developments of the business approved by senior management	
Raw materials and production services price	Estimates are obtained from published Producer Price Index by the Economist Intelligence Unit	
Forecast of capital expenditures	Based on the management forecasts of maintenance capital expenditures for modernization and reconstruction program	
Terminal growth rate	4.0%–5.5%	4.1%–5.3%
	Average producer price index in terminal period	
Weighted average cost of capital (discount rate)	13.5%: CGUs OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling 15.0%: CGU OOO Wellprop 15.2%: CGU Petro Welt Technologies Kazakhstan LLP 10.7%: CGU PEWETE EVO EUROPE S.R.L.	12.9%: CGUs OOO KATKoneft, OOO KATOBNEFT, OOO KAT-oil Drilling 14.3%: CGU OOO Wellprop 15.2%: CGU Petro Welt Technologies Kazakhstan LLP
	Current market assessment of the risks specific to cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings to service. Segment-specific risk is incorporated by applying individual beta factors. These factors are based on publicly available market data.	

SENSITIVITY TO CHANGES IN ASSUMPTIONS

The calculation of value in use for cash-generating units is most sensitive to the following assumptions:

- Consolidated forecast of volume of hydraulic fracturing, drilling operations and sales of proppant;
- Discount rate.

06/30/2020	12/31/2019
Equality of value in use and carrying amount becomes possible in case of revenue decrease by 3.24% in each of the years of the forecast period for CGU KATOBNEFT, by 11.97% for CGU KAToil-Drilling, by 5.29% for Katkoneft and by 6.15%, 0.57% and 1.54% for PWT Kazakhstan, Wellprop and PEWETE EVO EUROPE S.R.L. respectively.	Equality of value in use and carrying amount becomes possible in case of a revenue decrease by 0.3% in each of the years of the forecast period for CGU KATOBNEFT, by 8.1% for CGU KAToil-Drilling, by 2.9% for KATkoneft and by 11.9% and 5% for PWT Kazakhstan and Wellprop respectively.

Discount rate – with all other assumptions held constant.

06/30/2020	12/31/2019
Increase of discount rate to 24.16%, 17.9% and 22.49% would result in equality of value in use and carrying amount of CGU KAToil-Drilling, CGU KATOBNEFT and CGU PWT Kazakhstan respectively. The impairment of CGU KATKoneft is indicated in case of discount rate growth to 18.6%, CGU Wellprop – 15.4%, CGU PEWETE EVO EUROPE S.R.L. – 12.75%.	Increase of discount rate to 21.4%, 13.7% and 28.5% would result in equality of value in use and carrying amount of CGU KAToil-Drilling, CGU KATOBNEFT and CGU PWT Kazakhstan respectively. The impairment of CGU KATKoneft is indicated in case of discount rate growth to 17.3%, CGU Wellprop – 16.6%.

3. INVENTORIES

TEUR	06/30/2020	12/31/2019
Spare parts and other materials	27,825	28,491
Raw material	8,286	9,683
Fuel and lubricants	2,471	3,177
Finished goods and goods for resale	1,835	2,179
Total	**40,417**	**43,530**

4. CURRENT RECEIVABLES

TEUR	06/30/2020	12/31/2019
Trade receivables	67,011	77,049
Contract assets	12,961	14,556
Other current assets	4,730	5,752
Tax receivables	598	997
Total	**85,300**	**98,354**

5. EQUITY

Share capital as of June 30, 2020 amounted to TEUR 48,850 (December 31, 2019: TEUR 48,850).

6. DEFERRED TAX

TEUR	HY1 2020	HY1 2019
Current tax expenses	2,920	2,677
Deferred tax (income)/expense relating to the origination and reversal of temporary differences	2,475	(636)
Withholding tax	789	1,112
Income taxes from previous years	3	(244)
Current and deferred tax expenses	**6,187**	**2,909**

Deferred taxes relate to the following items:

	06/30/2020		12/31/2019	
TEUR	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax loss carry-forwards	3,102	-	3,935	-
Deferred expenses/liabilities	2,366	-	3,150	(415)
Fixed assets/depreciation	-	(7,772)	-	(9,061)
Other	879	(1,306)	1,155	(1,372)
Netting	(4,844)	4,844	(5,509)	5,509
Total	**1,503**	**(4,234)**	**2,731**	**(5,339)**

7. CURRENT AND NON-CURRENT LIABILITIES

TEUR	06/30/2020	12/31/2019
Non-current financial liabilities to affiliated parties	121,141	119,298
Trade payables	39,668	44,344
Other current liabilities	23,342	27,216
Current and non-current lease liabilities	301	367
Advance payments received	76	827
Income tax payables	240	697
Total	**184,768**	**192,749**

For further details on the non-current financial liabilities to affiliated parties refer to note 12.

8. 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.

DISAGGREGATION OF REVENUE

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 11).

Disaggregated revenue HY1 2020:

TEUR	Well Services and Stimulation	Drilling, Side-tracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	73,032	75,745	5,215	153,992	-	153,992
Group sales	463	65	1,599	2,127	(2,127)	-
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Primary geographical markets						
Russia	70,904	75,245	5,810	151,959	(1,572)	150,387
CIS	2,591	-	682	3,273	(555)	2,718
Europe	-	565	322	887	-	887
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Major products/service lines						
Hydraulic fracturing	71,696	-	-	71,696	(463)	71,233
Sidetrack drilling	-	37,751	-	37,751	(20)	37,731
Conventional drilling	-	25,764	-	25,764	(45)	25,719
Cementing	1,298	-	-	1,298	-	1,298
Rent income (IFRS 16)	374	12,278	-	12,652	-	12,652
Sale of proppant	-	-	6,691	6,691	(1,599)	5,092
Other services	127	17	123	267	-	233
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Timing of revenue recognition						
Services transferred at a point in time	-	-	6,814	6,814	(1,599)	5,215
Short-term services	73,121	-	-	73,121	(463)	72,658
Services transferred over time	-	63,532	-	63,532	(65)	63,467
Rent income (IFRS 16)	374	12,278	-	12,652	-	12,652
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**

Disaggregated revenue HY1 2019:

TEUR	Well Services and Stimulation	Drilling, Side-tracking, and IPM	Proppant Manufacturing	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
CIS	3,400	-	963	4,363	(303)	4,060
Central African countries	-	-	684	-	-	684
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
Rent income (IFRS 16)	-	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
Rent income (IFRS 16)	-	9,878	-	9,878	-	9,878
Total sales	**64,880**	**67,934**	**6,286**	**139,100**	**(2,152)**	**136,948**

9. COST OF SALES

TEUR	Q2 2020	Q2 2019	HY1 2020	HY1 2019
Raw materials	16,097	18,630	39,444	34,954
Direct costs	15,611	18,221	36,721	33,607
Depreciation	7,348	9,804	15,759	18,792
Wages and salaries	11,763	11,906	25,368	22,264
Social tax	3,498	3,667	7,731	6,797
Other costs	2,304	1,840	2,383	3,041
Total	**56,621**	**64,068**	**127,406**	**119,455**

10. EARNINGS PER SHARE

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

TEUR		Q2 2020	Q2 2019	HY1 2020	HY1 2019
Common stock	thousand	48,850	48,850	48,850	48,850
Profit/(loss)	TEUR	(350)	2,734	8,355	3,505
Earnings per share	EUR	-	0.06	0.17	0.07

11. SEGMENT REPORTING

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

- Well Services and Stimulation – 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, OOO KATOBNEFT and PEWETE EVO EUROPE S.R.L.);
- Proppant Manufacturing (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 of and for the six months ended June 30, 2020 and June 30, 2019 is presented below.

Reporting segments HY1 2020:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	Total segments	Reconciliation	Group
External sales	73,032	75,745	5,215	153,992	-	153,992
Group sales	463	65	1,599	2,127	(2,127)	-
Total sales	**73,495**	**75,810**	**6,814**	**156,119**	**(2,127)**	**153,992**
Operating result	**6,334**	**12,507**	**(13)**	**18,828**	**(5,798)**	**13,030**
Interest income and expenses						1,092
Other financial result						400
Profit before tax						**14,522**
Income tax						(6,187)
Profit						**8,335**

Reporting segments HY1 2019:

TEUR	Well Services and Stimulation	Drilling, Sidetracking, and IPM	Proppant Manufacturing	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**
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						**3,505**

12. RELATED PARTIES

As of June 30, 2020 the non-current financial liabilities to Petro Welt Holding (Cyprus) Ltd. amounted to TEUR 121,141, including accrued interest (December 31, 2019: TEUR 119,298). In the period January 1 to June 30, 2020, the interest expenses resulting from these financial liabilities amounted to TEUR 1,843 (in the period January 1 to June 30, 2019: TEUR 1,861). This corresponds to an average interest rate of 3.13% (in the period January 1 to June 30, 2019: 3.7%).

The Group has conducted the following transactions with related parties:

	Transaction value		Outstanding balance		
TEUR	**HY1 2020**	**HY1 2019**	**06/30/2020**	**12/31/2019**	**Transaction description**
Subsidiaries					
Fairtune East Ltd., Moscow	74	113	13	21	Rental fee

Remuneration of key management personnel was as follows:

MANAGEMENT BOARD REMUNERATION

TEUR	HY1 2020	HY1 2019
Management Board remuneration	431	567

SECOND LEVEL MANAGEMENT REMUNERATION

TEUR	HY1 2020	HY1 2019
Second level management salaries	1,006	777

13. FINANCIAL INSTRUMENTS

Carrying amounts of financial instruments were as follows:

FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

TEUR	06/30/2020	12/31/2019
Cash and cash equivalents	130,704	138,610
Bank deposits	7,202	5,350
Trade receivables	67,011	77,049
Receivables from related parties	365	362
Other receivables	1,954	2,605
Total	**207,236**	**223,976**

FINANCIAL LIABILITIES MEASURED AT AMORTIZED COSTS

TEUR	06/30/2020	12/31/2019
Long-term debts	121,141	119,298
Trade payables	39,668	44,344
Lease liabilities (short-term, long-term)	301	367
Other current liabilities	4,119	4,616
Total	**165,229**	**168,625**

The carrying amounts of trade receivables, current and non-current assets correspond to their fair values. For trade payables, current and non-current liabilities as well as other current liabilities the carrying amounts correspond to the fair values. Financial instruments were not assigned as security both in the reporting period and in the previous.

14. LITIGATIONS AND CLAIMS

In the Company's lawsuit against the former board members Manfred Kastner, Ronald Harder and Leonid Mirzoyan (Commercial Court of Vienna file no.: 43 Cg 40/17f-54) for repayment of a total EUR 1,589,603.50, an interim judgment has been issued by the court in favor of the Company, which finds that the distribution of this amount to the Respondents was unlawful. On January 3, 2020 the respondents lodged appeal against this interim judgment. Should the appellate court confirm the interim judgment and the respondents do not appeal against this second instance decision, then the lower first instance court will move forward and decide on the counterclaim asserted by the respondents, which the Company is disputing both with regard to its merits and the amount of claim.

On February 24, 2020, the Company filed another claim against the former board members Manfred Kastner, Ronald Harder and Leonid Mirzoyan (Commercial Court of Vienna file no.: 23 Cg 11/20y) for the compensation of the tax damages in the amount of EUR 1,237,616.86 suffered from the unlawful payment of their severance packages.

The Company has filed action against its former Prokurist, Edward Brinkmann, and a Company attributed to him (Majab Development LLC) before the Twentieth Judicial Circuit for Collier County in Florida (USA) for damage compensation due to fraud in connection with orders for equipment (file no. of court: 11:2018-CA-002531). The respondent Edward Brinkmann is accused of having purchased equipment on behalf of the Company, in particular in the US, at excessive prices during his time with the Company. The lawsuit is only in the "discovery" phase, which allows each party to demand information from the other concerning facts and circumstances material to the charge of fraud. The discovery procedure will likely be completed by the end of 2020. The oral hearing is scheduled for February 10, 2021.

An investigation by the District Attorney's Office in Vienna for Economic and Corruption Matters ("WKStA") was pending against Anna and Edward Brinkmann for embezzlement. Private parties to the investigation are Petro Welt Technologies AG and Coraline Limited. The WKStA office has closed this investigation. The private parties have filed objection to the closure and introduced a petition for its continuance; the petition asks the District Criminal Court in Vienna to order the WKStA to continue its investigation. It is expected that the court chamber now responsible for the matter will make a decision in this regard before the end of 2020. With regard to Dr. Höft who is also accused, the WKStA has also closed its investigation. We have not yet been provided with the grounds for the closure. Once we have received the grounds, we have 14 days in which to file a petition that the investigation be continued.

15. EVENTS AFTER THE REPORTING DATE

No material events occurred after the balance sheet date.

Vienna, August 20, 2020

Board of Management

Yury Semenov __ Chief Executive Officer

Valeriy Inyushin __ Chief Financial Officer

LEGAL NOTICE

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