Petro Welt Technologies

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2018

Key group figures

in EUR million	Q1 2018	Q1 2017	Change
Sales revenues	76.6	79.8	-4.0%
Gross profit	11.9	9.4	26.6%
EBIT	5.5	4.3	27.9%
EBIT margin	7.2%	5.4%	
EBITDA	16.1	17.1	-5.8%
EBITDA margin	21.0%	21.4%	
Group result	4.3	4.2	2.4%
Earnings per share (EUR)	0.09	0.09	
Balance sheet total*	425.3	437.9	-2.9%
Equity*	238.7	242.0	-1.4%
Equity ratio*	56.1%	55.3%	
Cash flow from operating activities	18.6	14.5	28.3%
Cash flows used in investing activities	(7.9)	(9.0)	-12.2%
Cash and cash equivalents	78.3	113.4	-31.0%
EUR exchange rate at the end of reporting period*	70.5618	68.8668	2.5%
EUR average exchange rate for the reporting period	69.8727	62.6474	11.5%
Employees (average)	3,348	3,396	-1.4%

* as at 31 March 2018 and 31 December 2017 respectively

Content

Management Report Q1 2018

External environment

Moody's raised Russia's sovereign outlook in January 2018 from stable to positive on the expectation that growth in 2018 would largely overcome the adverse effect of the industrial output-led slowdown in Russia during the last quarter of 2017. The reasons underlying the rating agency's decision include the evidence of Russia's growing institutional strength as well as further evidence of the country's economic and fiscal resilience, which has reduced its vulnerability to yet more external shocks arising from geopolitical tensions and/or from renewed declines in crude oil prices, Moody's said. It currently rates Russia Ba1. Moody's also stated that it expects the changes to lessen, but not eliminate, the economic volatility the country has experienced in recent years. More importantly from a credit perspective, Moody's expects the recent macro gains to be sustained over the longer term. The fundamentals of macroeconomic stability remain favorable. In the first quarter of 2018, inflation was a mere 0.8% while industrial production rose by 1.9% and exports expanded by 26%. However, it is important to note that oil production in the first quarter of 2018 fell by 1.5% compared to the same period of the previous year.

Kazakhstan's economic recovery continued to make headway in the first quarter of 2018 amid upbeat global growth. The country's industrial output expanded substantially by 5.3% and the production of crude oil rose by 6.1%. Kazakhstan's gross domestic product (GDP) is projected to grow by between 2.6% and 3.0% in 2018 based on an outlook that calls for increases in both oil production and oil exports. Europe is Kazahkstan's main importer of crude oil. Overall growth, however, is expected to decline moderately from the previous year as the government phases out its countercyclical fiscal policy.

The price of Brent crude rose in the first quarter of 2018: having started the year at USD 66.57 per barrel, it reached USD 70.23 per barrel at the end of March 2018. It continued to climb steeply in April, exceeding the USD 75 mark at the end of the month for the first time since November 2014.

The rise in oil prices stabilized Russia's economy in the first quarter of 2018 and, at the same time, bolstered the Russian ruble as the ruble exchange rate against both the US dollar and the euro is influenced primarily by crude oil prices. At the beginning of 2018, the ruble/euro exchange rate was 68.8668 rubles to one euro. As at 31 March 2018, it was 70.5618 rubles, which shows a small growth of 2.5% during the first three months of 2018; the growth over the past year, however, was 17.9%. The announcement at the end of April of new US sanctions against Russia has weakened the currency yet again.

Highlights for Q1/2018

Operating result

The Group generates sales revenues primarily in Russian rubles (about 1.2% is contributed by the Kazakh business). Sales revenues in rubles during the first quarter of 2018 rose by 7.1%.

Consolidated revenues for the first three months of 2018 are EUR 76.6 million, down by 4.0% compared with the same prior-year period.

The consolidated cost of sales declined by 8.1% from EUR 70.4 million to EUR 64.7 million during the reporting period, correlating to the decrease in revenues. The cost dynamics are also attributable to the company's cost-cutting policies. At about 15.5%, the gross profit margin for the first three months of 2018 rose year over year (Q1/2017: 11.8%). As a result, earnings before interest and tax (EBIT) jumped to EUR 5.5 million, an increase of 27.9% (Q1/2017: EUR 4.3 million). The EBIT margin rose from 5.4% in Q1 2017 to 7.2% in Q1 2018.

Net finance income in the first three months of 2018 declined to EUR 1.2 thousand (Q1/2017: EUR 1.3 thousand) due to the lower finance income of minus 8.7%. The 10.0% decrease in financial expenses during the reporting period stems primarily from lower interest rates due to the floating approach.

The profit before tax climbed by 19.6% to EUR 6.7 million in the first three months of 2018, compared with EUR 5.6 million in the same prior-year period. Tax expenses were up by 84.6% to EUR 2.4 million due to the switch of deferred taxes from positive to negative result. The net profit in euros increased by 2.4% to EUR 4.3 million (Q1/2017: EUR 4.2 million).

While earnings before interest, tax, depreciation, and amortization (EBITDA) decreased by 5.8% to EUR 16.1 million, the EBITDA margin remained almost on the level of Q1/2017 (21.4%) comprising 21.0%. The company's improved operating performance has led to an increase in the cash flow from operating activities by 28.3% to EUR 18.6 million (Q1/2017: EUR 14.5 million). The managerial cash position, which is calculated as the sum of cash and cash equivalents and bank deposits, rose from EUR 134.4 million in the prior-year period to EUR 142.1 million as at 31 March 2018.

Balance sheet

As at 31 March 2018, total assets declined by 2.9% to EUR 425.3 million compared with the close of the calendar year 2017. The low level of bank deposits and the decline in trade receivables were the two most significant contributors to the decrease in current assets. Equity reduced by 1.4% to EUR 238.7 million at the end of the reporting period. The equity ratio rose, however, reaching a level of 56.1% as at the reporting date of 31 March 2018 compared with 55.3% as at 31 December 2017.

Outlook

The management of Petro Welt Technologies AG expects oil prices to fluctuate between USD 60 and USD 70 per barrel on the global energy market, because demand will remain relatively stable, as will supply. The latter depends on the ability of shale oil producers to propose optional production levels. An important aspect is that the OPEC+ Agreement, which limits output, is generally advantageous for most of the producers.

Growth in Russia is expected to stabilize at around 1.8% between 2018 and 2020. Russian industrial production will continue to benefit from trade barriers, because the sanctions regime remains in place and because the country has launched investment programs in agriculture, infrastructure, and transportation.

GDP growth in Kazakhstan is projected to reach 2.6% in 2018 as the one-time effects of both the production increases at the Kashagan oil field and the fiscal stimulus wear off. The recovery will be maintained by higher production levels at the Kashagan oil field as well as by supportive macroeconomic policies. Declining inflation will drive private consumption.

The company's management expects sales revenues to reach a level of between EUR 335 and EUR 345 million in 2018 and hopes to keep the EBITDA margin between 22% and 24%. In turn, this could enable the company to maintain its main indicators of profitability in 2018. This forecast does not take into account any potential external economic shocks.

Vienna, 22 May 2018,
Board of Management

Yury Semenov
Chief Executive Officer, CEO

Valeriy Inyushin
Chief Financial Officer, CFO

Consolidated Balance Sheet as at 31 March 2018

in EUR thousand	Notes	03/31/2018	12/31/2017
Assets			
Non-current assets		**151,723**	**159,740**
Intangible Assets	2	2,251	2,291
Property, plant and equipment	2	147,833	153,787
Other assets		89	1,942
Goodwill		1,110	1,110
Deferred tax assets	6	440	610
Current assets		**273,543**	**278,204**
Inventories	3	39,149	40,132
Trade receivables	4	87,487	97,035
Bank deposits		63,826	65,489
Other current assets	4	3,617	5,783
Tax assets	4	1,179	878
Cash and cash equivalents		78,285	68,887
Balance sheet total		**425,266**	**437,944**
Equity			
Equity		**238,654**	**241,956**
Share capital	5	48,850	48,850
Capital reserve		111,987	111,987
Retained earnings		256,156	251,889
Remeasurement of defined benefit plans		263	263
Currency translation reserve		(178,602)	(171,033)
Non-current liabilities		**4,207**	**4,620**
Deferred tax liabilities	6	3,204	3,617
Employee benefits		1,003	1,003
Current liabilities		**182,405**	**191,368**
Current financial liabilities to related parties	7	113,457	112,526
Trade payables	7	40,380	43,427
Other liabilities	7	25,425	31,429
Advance payments received	7	8	11
Income tax payables	7	3,135	3,975
Balance sheet total		**425,266**	**437,944**

Condensed Consolidated Income Statement for the three months ended 31 March 2018

in EUR thousand	Notes	Q1 2018	Q1 2017
Sales revenues	8	76,645	79,786
Cost of sales	9	(64,714)	(70,418)
Gross profit		**11,931**	**9,368**
Administrative expenses		(5,707)	(5,074)
Selling expenses		(323)	-
Other operating income		616	277
Other operating expenses		(996)	(257)
Operating result		**5,521**	**4,314**
Finance income		2,072	2,266
Finance costs		(876)	(999)
Financial result		**1,196**	**1,267**
Profit before income tax		**6,717**	**5,581**
Income tax expense	6	(2,435)	(1,288)
Profit after tax from continuing operations		**4,282**	**4,293**
Loss before tax from discontinued operation (net of income tax)		(15)	(87)
Profit		**4,267**	**4,206**
Basic earnings per share in EUR	10	0.09	0.09
Diluted earnings per share in EUR	10	0.09	0.09

Consolidated Statement of Comprehensive income for the three months ended 31 March 2018

in EUR thousand	Notes	Q1 2018	Q1 2017
Profit		4,267	4,206
Items that may be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations:			
Currency translation differences	1	(5,438)	9,297
Net investments	1	(2,791)	7,903
Income tax effect related to net investments		660	(754)
Total other comprehensive income		**(7,569)**	**16,446**
Total comprehensive income		**(3,302)**	**20,652**

Consolidated Statement of Changes in Equity for the three months ended 31 March 2018

in EUR thousand	Share capital	Capital reserve	Retained earnings	Remeasu-rement of defined benefit plans	Currency translation reserve		Total equity
					Functional currency	Net investment	
As at 1 January 2017	48,850	111,987	220,874	215	(63,365)	(85,228)	233,333
Profit after tax	-	-	4,206	-	-	-	4,206
Currency translation differences:							
Currency translation differences	-	-	-	-	9,297	-	9,297
Net investments, net of related tax	-	-	-	-	-	7,149	7,149
Total comprehensive income	**-**	**-**	**4,206**	**-**	**9,297**	**7,149**	**20,652**
As at 31 March 2017	**48,850**	**111,987**	**225,080**	**215**	**(54,068)**	**(78,079)**	**253,985**
Balance at 1 January 2018	48,850	111,987	251,889	263	(76,976)	(94,057)	241,956
Profit after tax	-	-	4,267	-	-	-	4,267
Currency translation differences:							
Currency translation differences	-	-	-	-	(5,438)	-	(5,438)
Net investments, net of related tax	-	-	-	-	-	(2,131)	(2,131)
Total comprehensive income			**4,267**	**-**	**(5,438)**	**(2,131)**	**(3,302)**
Balance at 31 March 2018	**48,850**	**111,987**	**256,156**	**263**	**(82,414)**	**(96,188)**	**238,654**

Consolidated Cash Flow Statement for the three months ended 31 March 2018

in EUR thousand	Notes	Q1 2018	Q1 2017
Profit before tax		6,703	5,494
Depreciation and amortization	2	10,607	12,771
Gain on the disposal of fixed assets		-	(89)
Foreign exchange (loss) gain		(26)	132
Net finance income		(1,170)	(1,398)
Income taxes paid		(3,358)	(1,574)
Change in Working Capital		**5,831**	**(820)**
Change in inventories		16	(674)
Change in trade and other receivables		11,579	8,243
Change in trade and other liabilities		(5,764)	(8,389)
Cash flows from operating activities		**18,587**	**14,516**
Purchase of property, plant and equipment		(10,170)	(2,937)
Proceeds from sale of equipment		98	90
Addition to the cash deposits		(52,281)	(8,483)
Withdrawal of cash deposits		52,381	1,383
Interest received		2,066	922
Cash flows used in investing activities		**(7,906)**	**(9,025)**
Effect of exchange rate changes on cash and cash equivalents		(1,283)	4,939
Net change in cash and cash equivalents		9,398	10,430
Cash and cash equivalents at 01 January		68,887	102,964
Cash and cash equivalents at 31 March		**78,285**	**113,394**
Of which: cash flows from discontinued operation			
Cash flows from 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 months ended 31 March 2018 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 2017.

Changes in significant 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 2017.

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 2018.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 January 2018. A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

(a) IFRS 15 Revenue from Contracts with Customers

IFRS 15, issued in May 2014, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Incremental costs of obtaining a contract with customers must be capitalized as an asset and amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

The Group provides oil field services. The Group is specialized in services which increase the productivity of new and existing oil and gas formations. The main activities of the Group include hydraulic fracturing, sidetrack drilling, drilling, remedial as well as auxiliary services and delivery of proppant.

(a) Sale of proppant

For contracts with customers in which the sale of proppant is generally expected to be the only performance obligation, adoption of IFRS 15 do not have any impact on the Group's revenue and profit or loss. Revenue recognized at the point in time when control of the proppant is transferred to the customer, generally upon delivery of the goods.

(b) Rendering of oil field services

The Group's well services segment provides hydraulic fracturing, sidetrack drilling, drilling, remedial as well as auxiliary services.

The Group concluded that sidetrack drilling and drilling services are satisfied over time given that the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The performance obligation is the drilling services for a well. The Group recognizes sidetrack drilling and drilling revenue using the output method by reference to the stage of completion. The transaction price is determined on the contract level and then allocated to the wells based on the stand-alone price.

The Group recognizes hydraulic fracturing and auxiliary services revenue at a point of time as the period of providing these services is short-term. The transaction price is determined on the contract level and then allocated to each individual fracturing operation based on the stand-alone price.

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). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Adoption of IFRS 15 do not significantly impact the Group's revenue recognition for oil field services.

(b) IFRS 9 Financial instruments
IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Classification – Financial assets
IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment, the new classification requirements do not have a material impact on Group's accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are measured on a fair value basis.

Impairment – Financial assets and contract assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

— 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
— lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has chosen to apply this policy also for trade receivables and contract assets with a significant financing component. The Group has estimated that application of IFRS 9's impairment requirements at 1 January 2018 do not significantly impact the amount of impairment losses.

Trade and other receivables
Most part of the Group's trade receivables relates to the largest Russian and Kazakh oil companies – LUKOIL, Gazprom Neft, Rosneft, Tomskneft, Munaifieldservice and others which are rated as B1 to Baa3 based on Moody's ratings based available at the reporting date. The estimated ECLs were calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures.

Probability of default (PD) and loss given default (LGD) were used for the assessment of expected credit losses. Probability of default corresponds to the long-term average default rate for each rating category and was estimated according to a study «2016 Annual Global Default Study and Rating Transitions» by Standard and Poor's. The rating category was determined on the basis of the minimum rating of three international rating agencies (Moody's, S&P and Fitch). The PD level is calculated for the period before repayment of receivables with indicators of a significant increase in credit risk, otherwise it was calculated for the period until repayment, but not more than a year. LGD parameters generally reflect an assumed recovery rate which is estimated at a constant level of 45% according to «Basel II: International Convergence of Capital Measurement and Capital Standards» for corporate borrowers.

The Group believes that impairment losses do not increase significantly for trade and other receivables in the scope of the IFRS 9 impairment model.

Cash and cash equivalent

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Ba2- to Ba1, based on Moody's ratings based available at the reporting date. The Group monitors changes in credit risk by tracking published external credit ratings and licence status of the financial institution.

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and the validity of a licence of each financial institution.

The Group believes that impairment losses do not increase significantly for cash and cash equivalents in the scope of the IFRS 9 impairment model.

Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

Hedge accounting

The requirements for hedge accounting have been adjusted for greater consistency with risk management. When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has not applied hedge accounting as of 31 December 2017, and, therefore, the initial application of IFRS 9 do not have a significant effect on the consolidated financial statements.

Transition

The Group took advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 is generally recognised in retained earnings and reserves as at 1 January 2018.

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

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

Scope of consolidation

The scope of consolidation is unchanged in comparison to the balance sheet date 31 December 2017.

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 03/31/2018	Closing rate as at 12/31/2017	Average rate Q1 2018	Average rate Q1 2017
Russian Ruble (RUB)	70.5618	68.8668	69.8727	62.6474
Kazakhstan tenge (KZT)	392.32	398.23	397.42	343.47
US-Dollar (USD)	1.2322	1.1956	1.2284	1.0648

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 03/31/2018	Closing rate as at 12/31/2017	Average rate Q1 2018	Average rate Q1 2017
Russian Ruble (RUB)	57.2649	57.6002	56.8803	58.8366
Kazakhstan tenge (KZT)	318.31	332.33	323.31	322.53

2. Non-current assets

Changes in selected non-current assets between 1 January and 31 March are as follows:

in EUR thousand	Carrying amount 01/01/2018	Additions	Disposals	Currency translation	Depreciation and amortization	Carrying amount 03/31/2018
Intangible assets	2,291	1	-	-	(41)	2,251
Property, plant and equipment	153,787	8,122	(99)	(3,411)	(10,566)	147,833
Goodwill	1,110	-	-	-	-	1,110

in EUR thousand	Carrying amount 01/01/2017	Additions	Disposals	Currency translation	Depre-ciation and amor-tization	Carrying amount 03/31/2017
Intangible assets	35	-	-	(27)	(8)	-
Property, plant and equipment	167,656	4,076	-	8,716	(12,763)	167,685

As at 31 March 2018 Property, plant and equipment includes advances given for property, plant and equipment in the amount of TEUR 7,760 (31 December 2017: TEUR 6,277).

3. Inventories

in EUR thousand	03/31/2018	12/31/2017
Spare parts and other materials	27,575	28,939
Raw material	7,266	7,828
Fuel and lubricants	3,262	2,192
Finished goods and goods for resale	1,046	1,173
	39,149	**40,132**

4. Current receivables

in EUR thousand	03/31/2018	12/31/2017
Trade receivables	87,487	97,035
Other current assets	3,617	5,783
Tax assets	1,179	878
	92,283	**103,696**

5. Equity

Share capital as at 31 March 2018 amounted to TEUR 48,850 (31 December 2017: TEUR 48,850).

6. Deferred tax

in EUR thousand	Q1 2018	Q1 2017
Current tax expenses	1,935	2,560
Deferred tax expense (income) relating to the origination and reversal of temporary differences	472	(1,376)
Withholding tax	28	-
Income taxes from previous years	-	104
Current and deferred tax expenses	**2,435**	**1,288**

Deferred taxes relate to the following items:

	03/31/2018		12/31/2017	
in EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax loss carryforwards	7,740	-	6,558	-
Deferred expenses/liabilities	1,946	(114)	2,051	-
Fixed assets/depreciation	-	(12,342)	-	(12,112)
Other	497	(491)	1,153	(657)
Netting	(9,743)	9,743	(9,152)	9,152
	440	**(3,204)**	**610**	**(3,617)**

7. Current liabilities

in EUR thousand	03/31/2018	12/31/2017
Financial liabilities to related parties	113,457	112,526
Trade payables	40,380	43,427
Other liabilities	25,425	31,429
Advance payments received	8	11
Income tax payables	3,135	3,975
	182,405	**191,368**

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

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 (see Note 11).

Disaggregated revenue Q1 2018

in EUR thousand	Well Services	Drilling Sidetracking IPM	Proppant production	Total segments	Recon-ciliation	Group
External sales	41,865	31,697	3,083	76,645	-	76,645
Group sales	263	32	273	568	(568)	-
Total sales	**42,128**	**31,729**	**3,356**	**77,213**	**(568)**	**76,645**
Primary geographical markets						
Russia	41,171	31,729	3,356	76,256	(568)	75,688
Kazakhstan	957	-	-	957	-	957
Total sales	**42,128**	**31,729**	**3,356**	**77,213**	**(568)**	**76,645**
Major products/service lines						
Hydraulic fracturing	40,768	-	-	40,768	(263)	40,505
Sidetrack drilling	-	15,885	-	15,885	(14)	16,037
Conventional drilling	-	15,833	-	15,833	(18)	15,815
Cementing	1,216	-	-	1,216	-	1,216
Sale of proppant	-	-	3,356	3,356	(273)	3,083
Other services	144	11	-	155	-	155
Total sales	**42,128**	**31,729**	**3,356**	**77,213**	**(568)**	**76,645**
Timing of revenue recognition						
Services transferred at a point in time	42,128	-	3,356	45,484	(536)	44,948
Services transferred over time	-	31,729	-	31,729	(32)	31,697
Total sales	**42,128**	**31,729**	**3,356**	**77,213**	**(568)**	**76,645**

Disaggregated revenue Q1 2017

in EUR thousand	Well Services	Drilling Sidetracking IPM	Proppant production	Total segments	Recon-ciliation	Group
External sales	38,807	40,979	-	76,279	-	79,786
Group sales	456	30	-	486	(486)	-
Total sales	**39,263**	**41,009**	**-**	**80,272**	**(486)**	**79,786**
Primary geographical markets						
Russia	36,169	41,009	-	77,178	(296)	76,881
Kazakhstan	3,094	-	-	3,094	(190)	2,905
Total sales	**39,263**	**41,009**	**-**	**80,272**	**(486)**	**79,786**
Major products/service lines						
Hydraulic fracturing	37,427	-	-	37,427	(456)	36,971
Sidetrack drilling	-	22,610	-	22,610	(21)	22,589
Conventional drilling	-	18,364	-	18,364	(9)	18,355
Cementing	1,538	-	-	1,538	-	1,538
Sale of proppant	-	-	-	-	-	-
Other services	298	35	-	333	-	333
Total sales	**39,263**	**41,009**	**-**	**80,272**	**(486)**	**79,786**
Timing of revenue recognition						
Services transferred at a point in time	39,263	-	-	39,263	(456)	38,807
Services transferred over time	-	41,009	-	41,009	(30)	40,979
Total sales	**39,263**	**41,009**	**-**	**80,272**	**(486)**	**79,786**

9. Cost of sales

in EUR thousand	Q1 2018	Q1 2017
Raw materials	26,030	24,496
Direct costs	12,953	16,907
Depreciation	10,611	12,711
Wages and salaries	10,736	11,077
Social tax	3,372	4,075
Other costs	1,012	1,152
	64,714	**70,418**

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

in EUR thousand		Q1 2018	Q1 2017
Common stock	thousand	48,850	48,850
Profit	in EUR thousand	4,282	4,293
Earnings by share	EUR	0.09	0.09

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

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

- well services – services for hydraulic fracturing (operated by OOO KATKoneft and TOO PWT Kazakhstan);
- drilling, sidetracking, integrated project management (IPM) – services for conventional drilling, sidetrack drilling (operated by OOO KAToil-Drilling and OOO KATOBNEFT);
- production of proppant (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 three months ended 31 March 2018 and 31 March 2017 is presented below.

Reporting segments Q1 2018

in EUR thousand	Well Services	Drilling Sidetracking IPM	Proppant production	Total segments	Recon-ciliation	Group
External sales	41,865	31,697	3,083	76,645	-	76,645
Group sales	263	32	273	568	(568)	-
Total sales	**42,128**	**31,729**	**3,356**	**77,213**	**(568)**	**76,645**
Operating result	**5,885**	**137**	**887**	**6,909**	**(1,388)**	**5,521**
Interest income and expenses						1,170
Other financial result						26
Profit before tax						**6,717**
Income tax						(2,435)
Profit after tax						**4,282**

Reporting segments Q1 2017

in EUR thousand	Well Services	Drilling Sidetracking IPM	Total segments	Recon-ciliation	Group
External sales	38,807	40,979	79,786	-	79,786
Group sales	456	30	486	(486)	-
Total sales	**39,263**	**41,009**	**80,272**	**(486)**	**79,786**
Operating result	**4,770**	**392**	**5,162**	**(848)**	**4,314**
Interest income and expenses					1,398
Other financial result					(131)
Profit before tax					**5,581**
Income tax					(1,288)
Profit after tax					**4,293**

12. Related parties

As at 31 March 2018 the current financial liabilities against Petro Welt Holding (Cyprus) Ltd. amounted to TEUR 113,457 (31 December 2017: TEUR 112,526). In the period 1 January to 31 March 2018, the interest expenses resulting from these financial liabilities amounted to TEUR 931 (in the period 1 January to 31 March 2017: TEUR 880). This corresponds to an average interest rate of 3.7% (in the period 1 January to 31 March 2017: 4.4 %).

The Group has conducted the following transactions with related parties:

	Transaction value		Outstanding balance		
in EUR thousand	**Q1 2018**	**Q1 2017**	**03/31/2018**	**12/31/2017**	**Transaction description**
Subsidiaries:					
CAT GmbH Consulting Agency Trade (Cyprus) Ltd., Nikosia	166	230	56	117	Consulting
Fairtune East Ltd., Moscow	94	105	37	38	Rental fee

Remuneration of key management personnel was as follows:

in EUR thousand	Q1 2018	Q1 2017
Management Board remuneration	67	139

Second level management remuneration

in EUR thousand	Q1 2018	Q1 2017
Second level management salaries	297	291

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

13. Financial Instruments

Carrying amounts of Financial Instruments were as follows:

Financial assets measured at amortised costs

in EUR thousand	03/31/2018	12/31/2017
Cash and cash equivalents	78,285	68,887
Bank deposits	63,826	65,489
Trade receivables	87,487	97,035
Receivables from related parties	362	362
Other receivables	1,865	3,427
	231,825	**235,200**

Financial liabilities measured at amortised costs

in EUR thousand	03/31/2018	12/31/2017
Short term debts	113,457	112,526
Trade payables	40,380	43,427
Other short term payables	6,908	3,815
	160,745	**159,768**

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

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

The criminal complaint relates to transactions in connection with a procurement system, which was established at the Group in recent years. In purchasing fixed assets for business operations of subsidiaries of 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 is currently 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. It is uncertain at this stage if at all and in which amount these losses are in connection with potential criminal activities.

These questions will be subject to the investigations of the Public Prosecutor.

15. Events after the reporting date
No material events occurred after the balance sheet date.

Vienna, 22 May 2018,
Board of Management

Yury Semenov
Chief Executive Officer, CEO

Valeriy Inyushin
Chief Financial Officer, CFO

Memo

Legal notice

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