



**ANNUAL REPORT
OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR 2012**

drawn up according to the Law no. 297/2004 on the capital market and the National Securities Commission (C.N.V.M.) Regulation no. 1/2006 on issuers of securities and securities operations

**Commercial Company
ROMPETROL WELL SERVICES S.A.**

Head office:	Ploiești - Clopoșei Street no. 2 bis
Phone:	0244/544321, 0244/544101
Fax:	0244/522913
Tax Identification Number:	RO 1346607
Unique Company Registration Number:	J29/110/05.03.1991
Trading market:	BUCHAREST STOCK EXCHANGE
Subscribed and paid-up share capital:	27.819.090 lei

The main characteristics of the securities issued by the company

No. of shares:	278.190.900
Nominal value (lei/share):	0,10 lei
Class and type of securities:	"A" nominative



1. The activity analysis of the Commercial Company "ROMPETROL WELL SERVICES" S.A.

1.1. a) The description of the commercial company main activity;

S.C.ROMPETROL WELL SERVICES S.A. presents itself as a competitive, solid and reliable partner, offering a wide range of services in the field of petroleum upstream industry.

The company's object of activity consists mainly in: well services operations, tools rental, other services.

b) The specification of the incorporation date of the commercial company;

The Company Rompetrol Well Services S.A. was incorporated in 1951 and during the 61 years of activity, although it functioned under different structures and different denominations, the main profile was the execution of well services operations in Romania.

As to the joint stock company form of business, it was transformed by the Government Decision no. 1213 of November 1990, according to the Law no. 15/1990, under the denomination of S.C. PETROS S.A., under which it functioned until September 2001, when it changed the denomination in S.C. ROMPETROL WELL SERVICES S.A.

c) The description of any significant merger or reorganization of the commercial company, of its subsidiaries and controlled companies, during the financial year;

Not applicable.

d) The description of asset purchases and/or disposals;

The primary goal of the investment program for 2012 was the retechnologization of the processes, the improvement of the equipment performances and well services competitiveness, considering the fact that we are quality certified to ISO 9001/2008, valid until 26.09.2015. Among the objectives totally or partially put into operation in 2012 as technical facilities or technological equipments, we can mention: pump cementing trucks, data acquisition and monitoring systems, drilling tools and special devices, measuring and control devices, totalizing 12.712.150 lei. The value of the ongoing investments on 31.12.2012 was of 5.006.520 lei. The financing of all the mentioned objectives was made from own sources.

The Company capitalized write-off assets (equipment and vehicles), materialized in recovery through sale, tenders or scrap, amounted 1.028.432 lei.

e) The description of the main results of the company activity assessment.

1.1.1. General assessment factors:

a) profit;

Over the year 2012 we recorded:

-gross profit: 26,249,548 lei

-net profit: 22,053,148 lei

b) turnover;

The turnover for the year 2012: 98,678,533 lei

c) export;

The value of the exports over the year 2012 totalizes the equivalent of 6.980.566 lei.

d) costs;

In absolute values, the cost evolution highlights the effect of the investments made over the last three years, the direct correlation with the income evolution under conditions of relatively steady economic efficiency.

Specification	-lei	
	2011	2012
Operating expenses	78,602,153	75,755,627
Expenses with materials, merchandise, consumables and utilities	32,836,722	27,373,610
Employee benefits expenses	26,393,213	25,795,844
Depreciation, amortization and impairment	8,956,070	8,917,614
Other operating expenses	10,416,148	13,668,559
Finance costs	780,057	1,702,876

e) % of the market held;

In Romania the company holds market shares varying from 15% to 45% for different types of well services provided.

f) liquidity (cash account, etc).

The current liquidity indicator's evolution (8.07 in 2010, 6.49 in 2011, respectively 6.49 in 2012) supports the company cash flow management insuring the continuity of the commercial transactions without contracting bank loans.

1.1.2. The assessment of the technical level of the commercial company

Description of the main services rendered

The main works performed by the company ROMPETROL WELL SERVICES are as follows:

- **Operations performed with Cementing pump trucks** such as:

casing cementing, various cementing, fracturing, sand-control, surface treatments, acidizing, killings of wells, well circulations, milling works and fluid displacements, well interventions, miscellaneous pumping.

- **Operations with Bulk Trucks and Sand Blenders:**

transportation and handling of powder materials, mixtures and blends, operations at the well site

- **Operations with tank trucks:**

fluids transportation and handling (mud, crude-oil, acid solutions and emulsions, formation water etc.); operations at the well site (acidizing, fracturing, sand-control, cementing, pumping)

- **Operations with liquid nitrogen:**

Putting into production; nitrogen fracturing; foam acidizing; pressure tests at X-mas trees, tubular material, manifolds, BOPs, etc.

- **Operations with Slick line units;**
- **Casing and liner running operations;**
- **Tool and equipment rental of handling and fishing tools;**
- **On-site or laboratory cement analyses;**
- **Well and Drill stem testing operations**

a) *main markets for each product or service and distribution methods;*

The company ROMPETROL WELL SERVICES maintained its position on *the domestic market* being continuously interested in the improvement of the quality of the rendered services. Disposing of production capacities spread all over the country, as well as of qualified and well prepared labor force in the field of oil and gas well services, ROMPETROL WELL SERVICES promptly provides the services requested by its customers, regardless of the location within the territory.

On the *external market*, the company provided over the year 2012 well services in Kazakhstan, Turkmenistan, Sudan, Bulgaria and Hungary.

b) *share of each product or service category in the total incomes and turnover of the commercial company for the last three years;*

The share of each service category within the operating incomes, as well as within the turnover, for the years 2010, 2011, 2012, is described in **annex no 1-a, respectively 1-b.**

c) *new product envisaged to which a large volume of assets will be allocated during the next financial year and products' development stage.*

The compliance with the client's diversified requirements, as well as the reduction of the transport costs (transport authorization in case of oversized vehicles) determined the continuous renewal of the equipment fleet through the purchase of the following new units: a double pump cementing truck, a recirculation mixer, a single pump truck, a slick line unit, two hydrochloric acid tank trucks, drilling tools and equipment, data acquisition systems for monitoring and recording, simulation software for the acidizing services and a tubing power tong. The cementing and acidizing trucks were equipped with data acquisition systems for monitoring the operation parameters (pressure, flow, density, total pumped volume), according to the client's requirements.

1.1.3. The assessment of the procurement activity (domestic and import)

Information about the security of supply and the prices of the raw materials and the size of the raw material and other materials stocks.

The main types of materials necessary to perform the company's activity are: vehicle spare parts, fuels and lubricants, tires and accumulators, as well as cement and additives.

As *beneficiary*, our company concluded sale-purchase agreements with a series of fuel, spare parts and other materials suppliers: S.C. ROMPETROL DOWNSTREAM SRL, S.C. UPETROM S.A. PLOIEȘTI, AIR LIQUIDE ROMANIA, CORSER TRANS, S.C. CONFIND CÂMPINA, BDC MORAVA SRO, S.C. RENOVATION TRADING SRL, S.C. GEOMET INDUSTRIAL SRL, DYCKERKOFF AKTIENGESELL SCHAFT, S.C. MULTISUD PROD SRL, S.C. AMPLO S.A., as well as with service providers specialized in construction repairs and maintenance.

The internal supplying sources are selected according to the company's procedures and they are continuously assessed in terms of reliability and stability.

The levels of the raw material and spare part stocks usually guarantees the activity continuity for 10 days. The purchase prices are the market prices level.

1.1.4. The assessment of the selling activity

a) *The description of the sales sequential evolution on the national and/or external market and the medium and long term sales perspectives.*

The incomes evolution is showed in the following table:

	2010	2011	2012
			-lei
Sales per activities;	79,196,025	93,168,753	97,677,364
• Incomes for services rendered	74,585,605	80,715,468	94,024,760
• Incomes from sales of commodities	3,326,487	12,348,845	3,652,604
• Incomes from sales of final products	1,283,933	104,440	-

The company main client on *the national market* is OMV Petrom S.A. Bucharest, the services provided to this beneficiary in 2012 representing a percentage of over 54% of the total services rendered to this company.

Other domestic clients to whom the company ROMPETROL WELL SERVICES S.A. renders its services are S.N.G.N. Romgaz S.A. Mediaș, representing a percentage of over 6%, while the Drilling contractors and other operator in the petroleum industry represents approximately 25% of the services provided.

Over the year 2012, the company delivered also services on the internal market to independent operator, such as: Amromco Energy SRL, Petrofac Solutions and Facilities Suport SRL, etc.

After several years of stagnant or moderate growth, the year 2012 continued the trend, recorded in 2011, of significant raise of the well services activity in Romania and, consequently, the increase of company's financial performance.

The external activity of S.C. Rompetrol Well Services S.A. over the year 2012 was influenced by the regional and global economic context.

The overseas activity, representing 7% of the company's revenues in 2012, focused on the neighbouring countries (Bulgaria and Hungary), Sudan, Turkmenistan and Kazakhstan. While the Kazakhstan Branch recorded an increase of revenues by 146 % compared with the previous year, the whole overseas activity of the company was 44% higher than in 2011.

The activity of the Rompetrol Well Services Kazakhstan Branch consisting in cementing works was performed concurrently three areas: Atyrau, Aktau and Alakol.

In 2013 S.C. Rompetrol Well Services S.A. will prepare an extensive program of development, designed for the next five years, targeting development of new services and business development in large demand area (Iraq - Kurdistan, Libia).

b) *The description of the competitors' situation in the field of activity of the commercial company, the market share of the products and services of the commercial company and its competitors;*
Our company holds a share varying from 15% to 45% on the specific services market.
In the field of cementing and pumping services our competitors are: SCHLUMBERGER LOGELCO INC. SUC. BUCUREȘTI and SIRCOSS Mediaș.

There are also competitors in the field of stimulation operations, such as WEATHERFORD INTERNATIONAL EASTERN EUROPE S.R.L., BAKER OIL TOOLS and TACROM SERVICES, and in the field of tools and equipment rental, OJFIELD, TESCO, DOSCO PETROSERVICES S.R.L.

c) *Description of any significant dependence of the commercial company on a single client or a group of clients whose loss would have a negative impact on the company's incomes.*

Rompetro Well Services still depends very much on the OMV - PETROM position towards the Romanian service companies and the impact of this aspect on our company.

1.1.5. The assessment of the aspects related to the employees/the personnel of the commercial company

a) *the specification of the number and the formation level of the company's employees, as well as the degree of syndication of the labour force;*

On 31.12.2012, S.C. ROMPETROL WELL SERVICES recorded a number of 341 employees with labour contract, by comparison to 350 employees at the beginning of the year.

The personnel structure on December 31, 2012 was as follows:

TOTAL PERSONNEL	341
among which:	
- with higher education	95
- with secondary education	32
- qualified workers	213
- unqualified workers	1

The syndication level of the labour force is of 96.6%.

b) *The description of the relations between manager and employees, as well as any conflict elements which characterize these relations.*

The relations between manager and employees are normal and cooperative, being based on "Collective labour agreement" at national level, without any conflict element which could characterize these relations.

1.1.6. The assessment of the aspects concerning the impact of the issuer's main activity on the environment

The short description of the impact of the issuer's main activities on the environment, as well as of the existing or expected litigations concerning the breach of the legal provisions on the environment protection

The activity performed within the company, both in Ploiești head office and all the branches and working points all over the country, strictly complies the environment laws in force and, therefore, we avoid any kind of litigations which could arise from the breach of the legal provisions concerning the environment protection.

The environmental issues, naturally generated, are permanently kept under control, the goal of Rompetrol Well Services being their improvement, namely the pollution reduction, by means of waste management and wastes selective collection. The waste disposal (used accumulators, used tyres, scrap iron, used motor oil, garbage, wastes composed of plastic bags and plastic raffia) is made according to the agreements concluded with authorized companies.

We have to underline the fact that one of the goals of our Company is to permanently improve the environmental performance in all its activities, by adopting a pro-active attitude in terms of minimising the environmental impacts.

Another goal of Rompetrol Well Services is the creation of several environmental objectives, among which we can mention:

- informing the suppliers and the clients about the company's environmental policies and measures;
- monitoring and reducing the resource consumption (water, gas, methane, electricity, lubricants and fuels);
- regularly monitoring the activity to the bulk cement charging-discharging and blending plant ;
- reusing the packing used for liquid additives, in order to reduce the quantity of packages on the internal market;
- reducing the exhaust gas in the atmosphere by replacing the roll-off trucks equipped with non-euro engines with modern roll-off trucks, equipped with EURO 4 and 5 engines;
- forming and informing all its personnel about: the waste selective collection, reduction of the specific consumptions and especially the responsibility of applying the environment policy stated by the company and the environmental objectives envisaged.

Over the period July 11-13, 2012, the supervision audit of the management Integrated System (environment, quality, security and labour health) took place, being performed by Germanischer Lloyd Certification GmbH, after which the latter confirmed the fact that our company is progressing in terms of compliance with the requirements set out in the three standards to which we were certified: ISO 9001:2008, ISO 14001:2009 and OHSAS 18001:2007, valid until 26.09.2015.

According to the Law no. 105/2006 and the Emergency Ordinance no. 196/2005, concerning the obligations to the Environment Fund, Rompetrol Well Services S.A. pays on a monthly basis the fees for air pollutant emissions, resulting from fixed sources, and on a semi-annual basis, the fees for air pollutant emissions generated by mobile sources, according to the Statements concerning the obligations to the Environment fund.

1.1.7. The assessment of the research-development activity

The specification of the expenses during the financial year, as well as of those anticipated for the next financial year allocated to the research-development activity

Not applicable.

1.1.8. The assessment of the commercial company's activity related to the risk management

The description of the commercial society's exposure concerning the price, credit, liquidity and cash flow risk. The description of the policies and the objectives of the commercial company concerning the risk management.

The assessment of the activity of the commercial company regarding the risk management

The company's exposure to:

- *the price risk*: S.C.ROMPETROL WELL SERVICES S.A. Ploiești has a flexible policy of price, allowing it to react and adapt to any variations of prices that could affect the market;
- *credit risk*: it has been reduced, as S.C.ROMPETROL WELL SERVICES S.A. Ploiești has approached the clients' crediting in a procedural manner, flexible due to the contracting strategy established as an essential mechanism of risk distribution. The intensification of the generalized crisis of liquidity and solvability on the banking and financial market will obviously affect the company's clients but the management is permanently monitoring the receivables and their recollection;
- *the interest rate risk*

The Company is not engaged in any crediting contractual relations and therefore it is not exposed to the risks related to the interest rate variation.

- *the liquidity risk*: it is estimated as being low until now since the company managed to maintain a steady balance between sales and the recollection of receivables. In exchange, the financial crisis is still a menace for the next period on the market segment where the company operates;
- *the cas-flow risk*: remains difficult to be characterized due to the menaces of the crisis effects on the global credit market;
- *the exchange rate risk*: the majority of incomes obtained by the company are in RON. The variation of the rate of exchange cannot generate significant patrimonial effects.

At present the effects of this financial crisis are impossible to estimate. The company management is aware of the market current situation and considers that all the measures necessary to ensure the continuation of the company's activity were taken.

1.1.9. Perspective elements concerning the activity of the commercial company

a) The description and analysis of the trends, elements, events or uncertainty factors which affect or could affect the liquidity of the commercial company by comparison to the same period of the previous year.

The commitments towards suppliers were progressively paid. The recorded arrears don't present the risk of significant penalties and the company is not involved in any dispute for the payment of such depths. The company insured the permanent operability in the execution of its contracts all around the country.

The capacities resizing by the redistribution of operating fleet between the work points was performed concurrently with the adaptation to the necessary number of operating staff, permanently pursuing the specific indicators on profit centers.

Prospects for expansion of service activities on foreign markets determine rational and operative decisions regarding the prudent engagement of liquidities at the conclusion of new contracts.

As a result of the international economic and financial crisis, we estimate that in the next period may occur a number of trends, elements, potential adverse events or uncertainty factors that could negatively affect the profitability and partially the liquidity of the company, compared with the results obtained in 2012 and the previous years.

Company management will closely monitor these events and act so that the objectives set by the revenue and expenses budget to be approved in 2013, to be achieved.

2013 Key Objectives

- Continue modernization of services focusing on cementing and stimulation services
- Consolidate market shares in Romania for all type of services rendered
- Start the implementation of the Development program focusing on business development in large demand area

To strengthen its market position in Romania, Rompetrol Well Services will continue the modernization of the rendered services by a capital investments program of \$2.7 million.

b) The presentation and the analysis of the effect of the current or anticipated capital expenses on the financial situation of the commercial company by comparison to the same period of the previous year.

The company operated by using his own financing sources, without contracting any credits from banking institutions or any other individuals or entities.

In regard to debts category, there are no arrears such as interest or any other credits contracted from banking institutions.

c) The presentation and the analysis of the events, economic changes transactions changes significantly affecting the incomes generated by the main activity.

The income generated by the main activity of the company can still be affected by the extended effects of the economic and financial international crises, as well as by the strategies in the petroleum industry.

Over the year 2012, we dispose both of the production capacities and the financial resources for reaching the budgeted indicators.

2. The company's tangible assets

2.1. The specification of the location and of the characteristics of the main production capacities owned by the company.

The patrimonial assets of tangible fixed assets nature allow a flexible organization in the territory in order to fulfil the orders placed by the beneficiaries.

The services provision is identified at the customers location, not at the company's organizational perimeter, the use of the production capacities depending upon the orders received from the beneficiaries.

The location of lands and buildings on the geographical area is identified in the following localities: Ploiești (Prahova County), Câmpina (Prahova County), Boldești - Scăieni (Prahova County), Răzvad (Dâmbovița County), Leordeni (Argeș County), Mihăești - Stupărei (Vâlcea County), Potcoava (Olt County), Craiova (Dolj County), Tg. Cărbunești (Gorj County), Slobozia - Conachi (Galați county), Ianca (Brăila County), Timișoara (Timiș County), Zădăreni (Arad County), Tg. Mureș (Mureș County), Mediaș (Sibiu County), Moinești (Bacău County), Tecuci (Galați County), Videle (Teleorman County).

The main production facilities are represented by the existence in the patrimony of fixed assets, such as: cementing units, bulk trucks, blenders, tank trucks, cement ultrasonic analyzer, consistometer, viscometer and other types of utility vehicles and drilling tools.

2.2. The description and analysis of the wear degree of the company property.

Working outdoors, travelling on difficult access roads and the evolution of the purchase price of equipment justifies a significant degree of wear – offset by the significant investments in recent years. The specific equipment fleet requires high maintenance costs resulting from imperative normative documents specific to the European integration and the environmental protection issues: ADR transport licenses, vignettes, tachographs, environmental taxes, first registration fees, local taxes, etc.

2.3 The specification of the potential problems related to the ownership of the tangible assets of the company.

The ownership is acknowledged for all the patrimonial assets, except what is subject to financial leasing contracts. The admitted methodology used for highlighting the recording of the financial leasing contracts requires introducing in the fixed assets the counter value of the goods subject to these contracts. The effect in net value is of 0 RON as there are no on-going leasing contracts.

3. The market of the transferable securities issued by the "ROMPETROL WELL SERVICES" S.A. company

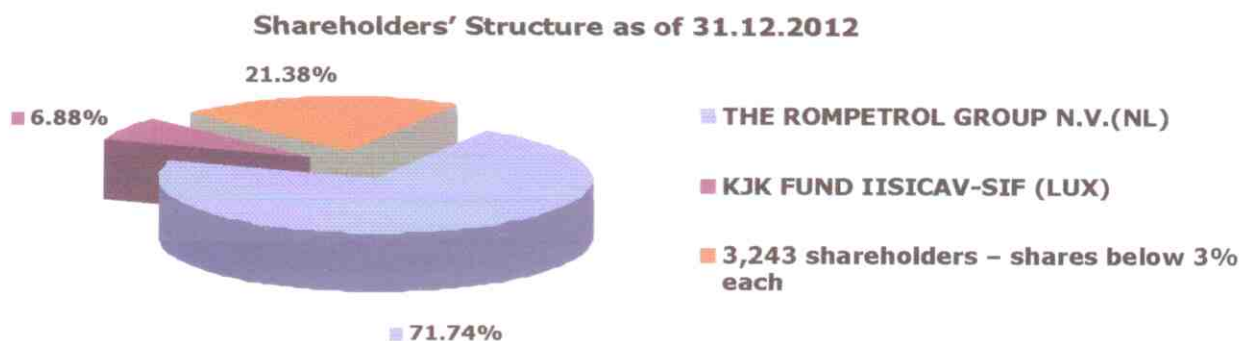
3.1. The specification of markets in Romania and other countries where there are negotiated transferable securities issued by the company.

The transferable securities issued by SC ROMPETROL WELL SERVICES S.A. are registered as of 18.06.1998 in the Bucharest Stock Exchange Tier II and are traded under the symbol PTR on the market.

The transferable securities issued by the company are Class A – nominative shares.

The registered capital on 31.12.2012 is of 27,819,090 RON equivalent to 278,190,900 shares with a nominal value of 0.10 RON / share and is distributed to holders as follows:

1. The Rompetrol Group NV	19,957,165 RON (71.7391%)
2. Other shareholders (3244 shareholders)	7,861,925 RON (28.2609%)



3.2. The description of the company policy regarding the dividends. The specification of the dividends due/paid/accrued in the last 3 years and, if appropriate, of the reasons for any decrease in dividends over the last 3 years.

For 2010, the A.G.O.A. of 28.04.2011 approved the distribution of the net profit amounted to 14,553,986 lei, towards the following destinations:

- 4,250,000 lei for dividends;
- 880,000 lei for the establishment of the legal reserve fund;
- 9,423,986 lei - other reserves.

The gross dividend per share for 2010 was of 0,015 lei for the shareholders registered in the Register of Shareholders on 16.05.2011 (date of registration).

For 2011, the A.G.O.A. of 26.04.2012 approved the distribution of the net profit amounted to 15.813.330 lei, towards the following destinations:

- 8.067.536 lei for dividends;
- 900.000 lei for the establishment of the legal reserve fund;
- 6.845.794 lei – other reserves.

The gross dividend per share for 2011 was of 0,029 lei for the shareholders registered in the Register of Shareholders on 18.05.2012(date of registration).

For 2012, the A.G.O.A. from 29.04.2013 will decide how to distribute the profits.

Thus in 2012 were achieved total revenues amounting to 103.708.051 RON achieving a gross profit of 26,249,548 RON and, respectively, a net profit of 22.053.148 RON.

3.3. The description of any activities of the company to purchase own shares.

The Company has not conducted activities to purchase own shares.

3.4. If the company has subsidiaries, stating the number and the nominal value of shares issued by the parent company and held by subsidiaries.

Not applicable.

3.5. If the company issued bonds and/or other debt securities, the presentation of the way the company paid its obligations to holders of such transferable securities.

Not applicable.

4. The management of the ROMPETROL WELL SERVICES S.A. company

4.1. The presentation of the list of company managers and the following information for each manager:

a) CV (surname, first name, age, qualifications, work experience, position and tenure in the position);

Under the Constitutive Act, the company's activity is managed by an Administrative Board composed of five members appointed by the Ordinary General Assembly, who can be shareholders of the company, individuals or legal entities, of citizenship, nationality respectively, Romanian or foreign.

- **President: Mr. Adrian-Ion Stănescu**, Romanian citizen, born on 26.11.1953; Mr Adrian-Ion Stănescu served as a member of the Administrative Board during the period 23.11.2002 - 11.08.2003 and Chairman of the Administrative Board during the period 09.03.2006 - 27.04.2010.

In the A.G.O.A. of 27.04.2010 he was appointed Chairman of the new Administrative Board for a term of four years.

Mr Adrian-Ion Stănescu is an engineer in mechanical engineering technology, specialized in cementing operations technology, management and marketing.

He has extensive professional experience in the oil industry technologies and practices, in implementing modern management practices and in the qualitative management of resources, in opening of new markets and increasing the sales volume on domestic and foreign markets, holding senior positions in the companies he had worked for.

Mr Adrian-Ion Stănescu was Deputy General Manager of S.C. ROMPETROL WELL SERVICES S.A. from May 2003 to June 2011 and from July 1, 2011 he has been the General Manager.

- **Member: Mr. Gheorghe Georgescu**, Romanian citizen, born on 23 .08.1952;

Mr Gheorghe Georgescu was elected member to the Administrative Board in the General Assembly of Shareholders of 27.04.2009.

In the A.G.O.A. of 27.04.2010 he was elected member to the new Administrative Board for a term of four years.

Mr Gheorghe Georgescu is a drilling-mining engineer with extensive experience in this area (1979-2010), occupying leading positions in the companies that he had worked for. He has long professional experience in these fields of activity.

He is currently General Manager of S.C. Rompetrol SA

• **Member: Mr. Talgat Issayev**, citizen of Kazakhstan born on 06.05.1972 in Almaty, the Kazakhstan Republic, domiciled in the Republic of Kazakhstan, Astana and with the residence in Bucharest.

In the A.G.O.A. of 27.04.2010 he was elected member to the new Administrative Board for a term of four years.

Mr Talgat Issayev is an engineer for the development and exploitation of oil and gas deposits, and an economist.

From January 2010, Mr Talgat Issayev occupies the position of Upstream Director in the Rompetrol Group and is responsible for the management, coordination and control in the following areas: exploration and production, drilling activities and well services.

• **Member: Mr. Nurkanat Retayev**, citizen of Kazakhstan, born on 04.04.1981;

Following the resignation of a manager in September 2010, the Administrative Board that met on 29.09.2010, decided to appoint Mr Retayev Nurkanat as temporary administrator of the Company until the meeting of the Ordinary General Assembly of 28.04.2011.

The Ordinary General Meeting of 28.04.2011 elected him as administrator for a term expiring at the same time with the mandates of the other members of the Administrative Board.

Mr Retayev Nurkanat is an oil engineer.

He has solid professional experience in the Kazakh oil industry, holding senior positions in petrochemistry and commercial management.

From December 2010 he has been the Deputy Commercial Manager of the ROMPETROL GROUP CORPORATE CENTRE.

• **Member: Palmer Capital RO S.R.L.** (former **S.C. Middle Europe Investments S.R.L.** Romanian legal entity based in Cluj-Napoca str. Iosif Vulcan, nr.13, ap.1, CUI 18128488, J12/1885/2009, represented by the administrator - Mr Făder Cristian Robert, having as permanent representative Mr Vasile Marius Chiş - Romanian citizen, born on 03.10.1978.

In the AGOA of 27.04.2010 **Palmer Capital RO S.R.L.**, was elected member of the Administrative Board for a term of four years.

Mr. Vasile Marius Chiş has experience in financial services, investment fund management, trading. Currently he is working as a financial analyst for the investment fund Middle Europe Investments SRL Cluj-Napoca.

Mr. Cristian Robert Făder, economist, has experience in financial services, investments funds administration, capital market. Since 2007 he is the director of SC Palmer Capital RO SRL (former Middle Europe Investments SRL).

b) any agreement, understanding or family relationship between the respective administrator and another person due to which that person was appointed administrator;

We are not aware of any agreement, understanding or family relationship between the managers of the company and another person due to which they were appointed administrators;

c) the participation of the administrator to the company's capital;

According to the Register of Shareholders, consolidated on 31.12.2012, issued by the Central Depository, none of the directors participates to the company's share capital.

d) the list of persons affiliated to the company.

None of the members of the Administrative Board of the Company is an affiliated person to SC ROMPETROL WELL SERVICES S.A. under the Regulation CNVM No. 1/2006.

4.2. The presentation of the list of members of the executive management of the company.

Under the provisions of the Constitutive Act of the Company, the General Manager and the Financial Manager are the only positions to which the management of the company is delegated, under the provisions of article 143 of Law 31/1991 on commercial companies. Any other managing position in the company, regardless of its designation, does not involve the management of the company.

During 2012, the managers whom the management was delegated to in the sense above mentioned, were:

Item no.	Position designation	Surname and first name	Period
1.	GENERAL MANAGER	Eng. STĂNESCU ADRIAN-ION	01.01.2012-31.12.2012
2.	FINANCIAL MANAGER	econ. GUEF DORIN	01.01.2012-31.12.2012

For each, supply the following information:

a) the period for which the person is part of the executive management;

Starting with 01.07.2011, the occupant of the CEO position - Mr Adrian-Ion Stănescu, concluded with the company a management agreement which will end on 30.04.2014.

The occupant of the Financial Manager position - Mr Dorin Guef, concluded with the company a management agreement which will end on 30.04.2014.

b) any agreement, understanding or family relationship between the respective person and another person due to which that person was appointed member of the executive management;

There is no agreement, understanding or family relationship between the occupants of the positions mentioned above due to which the occupants of the positions were appointed as members of the executive management.

c) the respective person's participation to the company's capital.

According to the Company's register of shareholders, consolidated on 31.12.2012, issued by the Central Depository, no member of the executive management participates to the capital of the company.

4.3. For all the persons presented in 4.1. and 4.2. the specification of any litigation or administrative proceedings in which they were involved, in the last five years, regarding their work for the issuer, as well as those concerning the respective person's ability to perform duties for the issuer.

None of the managers of the company was involved in the last five years in any litigation or administrative proceedings.

5. Annual accounts

The presentation of an analysis of the current economic and financial situation compared to the last three years, including at least:

a) balance sheet elements: assets representing at least 10% of the total assets, cash and other liquidities; reinvested profits, total current assets, total current liabilities;

In 2012 there were the prerequisites for continuing the statutory activity with the direct impact of the economic environment specific to the financial crisis. The flexible position in adjusting to the requirements of the market segment operating in the oil-service industry is characterized by the margins of profitability.

Starting the year ended 31 December 2012, the separate financial statements of the Company are prepared in accordance with the provisions of Order of the Minister of Public Finance no. 1286/2012 approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a

regulated market, with all subsequent modifications and clarifications. These provisions are aligned with the requirements of the International Financial Reporting Standards as endorsed by the European Union, with the exception of the provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency.

These financial statements, for the year ended 31 December 2012, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with Romanian generally accepted accounting practice (OMFP no. 3055/2009).

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2011, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Romanian GAAP statement of financial position as at 1 January 2011 and its previously published Romanian GAAP financial statements as at and for the year ended 31 December 2011, as well as the adjustments made as at 31 December 2012 in order to derive the IFRS financial statements (supplementary reconciliation requested by OMFP no. 1286/2012).

For the purposes of the preparation of these financial statements, in accordance to Romanian legislative requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

Synthesis of patrimonial elements:

	- lei		
Specificație	2010	2011	2012
Total Assets ,	129,083,139	143,403,446	159,382,755
of which:			
Fixed assets	59,062,633	63,961,958	64,039,443
Circulating assets	70,020,506	79,441,488	95,343,312
Total Liabilities,	129,083,139	143,403,446	159,382,755
of which:			
Social capital	194,559,835	194,559,835	194,559,835
of which:			
Share capital subscribed paid	27,819,090	27,819,090	27,819,090
Legal reserves	4,580,000	5,480,000	5,563,818
Other to equity	(95,954,800)	(87,075,366)	(80,816,827)
Current income not distributed	13,673,986	14,679,454	21,969,330
Exigible debt under one year	8,672,088	12,238,920	14,694,492
Exigible debts over one year	3,552,030	3,520,603	3,412,107

b) profit and loss account

Summary of items of income and expense:

	- lei		
Specificație	2010	2011	2012
Total revenues, of which:	84,894,800	97,626,487	103,708,051
Operating income	79,538,657	93,480,046	98,678,533
Financial income	5,356,143	4,146,441	5,029,518
Total expenditure	67,034,909	79,382,210	77,458,503
Operating expenses, of which:	65,756,118	78,602,153	75,755,627
- material costs	17,116,997	21,381,014	25,133,072
- power, water, gas expenses	624,337	564,570	613,772

- personnel expenses	23,725,208	26,393,213	25,795,844
- depreciation of assets expenses	8,319,807	8,956,070	8,917,614
- expenses related to goods	2,137,384	10,891,138	1,626,766
- other operating expenses	13,832,385	10,416,148	13,668,559
Financial expenses	1,278,791	780,057	1,702,876
Gross result - profit	17,859,891	18,244,277	26,249,548
Income tax current and deferred	3,305,905	2,664,823	4,196,400
Net result - profit	14,553,986	15,579,454	22,053,148

Summary of actual budget indicators:

Specification	Achievements -previous year	Year 2012	
		Budget Provisions	Achievements
Total revenues, of which:	97,626,487	88,962,200	103,708,051
Operating income	93,480,046	86,050,500	98,678,533
Financial income	4,146,441	2,911,700	5,029,518
Total expenditure of which:	79,382,210	68,057,400	77,458,503
Operating expenses	78,602,153	68,057,400	75,755,627
Financial expenses	780,057		1,702,876
Gross result:			
Profit	18,244,277	20,904,800	26,249,548
Income tax current and deferred	2,664,823	3,344,800	4,196,400
Net result:			
Profit	15,579,454	17,560,000	22,053,148

The indices and expenditure structure are determined by:

- Maintaining concern for providing complex services, including import material quality, but more expensive (cement and additives);
- creation of provisions of accepting character of expense not deductible, but with prudent presentation and real as receivables and inventories;
- Increased spending on traffic on public roads in the conditions legislation updating both by fitting speedometer and obtain vignettes, ie car tax increase, but also restrict the movement of heavy special vehicles;
- Evolution of exchange rate RON -other currencies;
- The payments of debts to the state budget and local budgets;
- Leadership through prudent management budgets gave consistency in finding and managing events that could produce uneconomical expenditure;
 - Payment until March 1, 2013, a percentage of 91.73% of the gross dividend approved for the year 2011 amounted to RON 8,063,576.

The evolution of the profitability is strongly determined by the structure of the service demand for the core business and the fulfilment of occasional contracts.

The objectives and the organizational measures have a high degree of similarity with the ones from the oil industry sector that it provides for.

The prospect of continuing the activity in the oil sector should be still positioned in the context of a demand recovery rate quite temperate also worldwide, as well as of a deteriorated consumer confidence and an economic growth negatively affected by the economic environment.

Specification	Measuring unit	Year 2010	Year 2011	Year 2012
Well Services	Equivalent operations	10,061	10,406	9,837
Average number of staff	Persons	326	351	343
Labour productivity annual average	RON/ person	228,419	227,722	272,078
Equipment fleet	Number of trucks	116	116	111

The evolution of operational indicators synthetically presents the activity trend, in physical units, relative to the evolution of the number of trucks, without applying personnel redundancy programs, in a real appreciation of the effects of declining demand for services during 2012.

The financial result of the company's positive record is because the company has no bank loans and the financing of the operational activities are carried from own sources.

c) *cash flow: all the changes in the cash level within the primary activity, the investments and financial activities, in the cash level at the beginning and end of the period.*

Statement of Cash Flows Synthesis-indirect method

- lei

Specification	2010	2011	2012
0	1	2	3
Net profit before tax and extraordinary items	17,859,891	18,961,910	26,249,548
Operating profit before changes in the working capital	24,368,637	25,380,541	33,404,504
Net cash from operating activities	15,082,537	16,810,538	20,901,132
Net cash from investment activities	(7,681,228)	(7,424,617)	(8,034,401)
Net cash from financing activities	(3,852,540)	(3,940,824)	(7,545,097)
Net variation of cash and cash equivalents	3,548,769	5,445,097	5,321,633
Cash and cash equivalents at the beginning of the fiscal year	7,716,015	11,264,784	16,709,881
Cash and cash equivalents at the end of the fiscal year	11,264,784	16,709,881	22,031,514

În anul 2012 atât derularea contractelor cu clienții și furnizorii tradiționali a fost gestionată în condiții de echilibru financiar, cât și asigurarea tuturor disponibilităților de cash pentru achitarea integrală și în termen a drepturilor salariale, a datoriilor bugetare și a dividendelor.

Specification	2010	2011	2012
1 Liquidity indicators			
Current liquidity indicator	8.07	6.49	6.49
Immediate liquidity indicator	7.7	6.2	6.14
2 Activity indicators			
Turnover speed of debits - clients (days)	121.47	114.03	138.55
Turnover speed of credits – suppliers (days)	12.76	12.33	20
Turnover speed of fixed assets	1.65	1.46	1.53
Turnover speed of total assets	0.75	0.65	0.61

3 Profitability indicators			
Return on equity	0.15	0.14	0.18
Gross margin from sales	18.28	19.58	26.87
4 Indicators on earnings per share			
Earnings per share	0.05	0.06	0.08
The ratio of market price action and earnings per share	8.01	6.64	3.6

The values of the presented indicators reflect the maintenance of financial independence, even with the slower pace of receivable collection.

The profitability indicators show an efficient activity of the company in the last three years, under the positive impact of achieved investments, without ignoring the fact that the primary activity has been marked by the global economic environment.

6. Corporate Governance

S.C. ROMPETROL WELL SERVICES S.A. is a company listed on the Bucharest Stock Exchange - category II shares under the symbol << PTR >>, dated 18.06.1998, according to the Stock Exchange's Admission Committee decision no. 133/26 March 1998.

The Company is subject to the current legislation applicable to companies and to capital market: Law no. 31/1990 Commercial Company Law – including subsequent amendments, Law no. 82/1991 the Accounting Law – including subsequent amendments, Law no. 297/2004 on the capital market - including subsequent amendments, the National Securities Commission (CNVM) Regulation No. 1/2006 on issuers of securities and operations with securities - including subsequent amendments.

The company's administration has voluntarily adopted, self-imposed, part of the Code of Corporate Governance of Bucharest Stock Exchange (CGC-BSE), approved by the Stock Exchange Council in December 2007 and which may be found on BSE's website ([http:// www.bvb.ro / companies / CorporateGovernance.aspx](http://www.bvb.ro/companies/CorporateGovernance.aspx)) -Romanian version.

The Code of Corporate Governance of Bucharest Stock Exchange includes some recommendations, which are provisions of suppletive character of the legal acts mentioned in the above paragraph.

The Code of Corporate Governance's aim is to maximize transparency in the company's management, based on clear rules and objectives, on market consolidation and on stakeholder's confidence (shareholders, business partners, employees).

This helps to protect the rights of shareholders, improves the overall performance of the company, provides better access to capital and reduces the risks.

The Code of Corporate Governance of Bucharest Stock Exchange is structured on 19 principles and 41 recommendations, all having equal power and importance.

The implementation level, by S.C. Rompetrol Well Services S.A., of the principles and recommendations from CGC are reported in the statement "*Apply or Explain*", according to Rec. 3 of CGC, which will be communicated to BSE together with the Annual report of 2012, and posted on the Company site, www.rompetrol.ro., under the section Investor Relations / Rompetrol Well Services SA / GSM 2013.

In accordance with the articles of incorporation, **S.C. Rompetrol Well Services S.A. is administrated in unitary system**, where the administrative powers fall on an administration board, consisting of five members, elected by the ordinary general meeting of shareholders, with a 4 years mandate.

The Administration Board has full powers in making any administrative and management decisions, other than those which the law expressly confers to the General Shareholders' Meeting. By exception, the Administration Board will exercise the powers of the General Shareholders' Meeting, powers provided in article 113, letter b, c and f of Law 31/1990, republished.

The Administration Board's decisions shall be valid if taken with the vote of the majority of present members. In case of equal votes, the president has the casting vote.

During 2012, **the Administration Board's composition** was as follows:

Adrian - Ion Stănescu - President

Gheorghe Georgescu - Member

Talgat Issayev - Member

Retayev Nurkanat - Member

Palmer Capital RO S.R.L. (former S.C. Middle Europe Investments S.R.L.) permanently represented by Mr. Vasile Marius Chiş in the period 01.01.2012-31.05.2012 and by Mr. Cristian Robert Fäder in the period: 01.06.2012-31.12.2012 - Member*

* in August 2012, S.C. Middle Europe Investments S.R.L. changed the denomination to Palmer Capital RO S.R.L.

Information about the members of the Administration Board

• **Adrian - Ion Stănescu**, Romanian citizen, born in 1953;

Member of the Administration Board during the period: 23.11.2002 - 11.08.2003;

Chairman of the Administration Board from the date of 09.03.2006;

Duration of the last mandate: from 27.04.2010 to 30.04.2014.

Education, professional qualifications, responsibilities

He is an engineer, graduate of the Faculty of Mechanics – majoring in Machine Manufacturing Technology, Iasi - class of 1977, and of other specialization course in the field of cementing operations technology, management and marketing.

He has a solid professional experience in the oil and gas industry, in various domains of this industry: the manufacture of oilfield equipment, scaffolding and technological, in the technology of special operations, in the implementation of modern management practices and qualitative management of resources, in the opening of new markets and increasing the sales volume on domestic and foreign markets, holding management positions at UPETROM Ploiesti (1987-1999), ROMPETROL SA (1999-2001), ROMPETROL WELL SERVICES - Deputy Executive Director (May 2003-June 2011) and CEO (July 2011 - present).

• **Gheorghe Georgescu**, Romanian citizen, born in 1952;

Member of the Administration Board since 27.04.2009;

Duration of last mandate: 27.04.2010 until 30.04.2014.

Education, professional qualifications, responsibilities

He is an engineer, graduate of the Well Drilling and Petroleum and Gas Reservoirs Exploration Faculty, Ploiesti – class of 1979, and of other specialization courses in the field of drilling – extraction.

He possesses a remarkable professional experience in the Oil and Gas Industry, in the field of drilling on various structures in Greece, Sudan, Ecuador, India, Jordan, Egypt, Iraq, and of Deep Sea Drilling.

During 1982 – 1987, 1990 – 1997 – he was employed by ROMPETROL SA, holding various management positions. From 2001 he is Drilling Director at ROMPETROL SA.

He is currently CEO of ROMPETROL SA, continuing, at the same time, to direct the drilling division, which represents this company's main activity.

• **Talgat Issayev**, Kazakh citizen, born in 1972;

Member of the Administration Board since 27.04.2010;

Duration of last mandate: 27.04.2010 until 30.04.2014.

Education, professional qualifications, responsibilities

He is an engineer; graduate of the Faculty of Development and exploitation of oil and gas fields at the Gubkin Russian State University of Oil and Gas, Moscow-class of 1995, and well as of the Faculty of Finance and Credit at the Almaty Academy of Management, Kazakhstan-class of 2000.

Mr. Talgat Issayev joined the Rompetrol Group in January 2010, as Upstream Group Director. Prior to Rompetrol, he has worked for the National Company KazMunayGaz, holding management positions in the Department of Development.

He has a rich professional experience in the Kazakh Oil and Gas Industry, working in various companies such as JSC Munaygas, RosbiOil Corporation, Askam Corporation, JSC National Oil and Gas Company Kazakhoil.

In the Rompetrol Group (TRG), he is responsible for management, coordination and control in the following areas:

- Exploration and production;
- Drilling and drill repairing activities;
- Special drilling operations (Rompetrol Well Services).

• **Nurkanat Retayev**, Kazakh citizen, born in 1981;

As a result of Mr. Alexey Golovin's waiver of his mandate as administrator effective of 01.10.2010, the Administration Board convened on 29.09.2010, decided that Mr. Retayev Nurkanat be appointed temporary administrator of the Company until the ordinary general assembly meeting of 28.04.2011.

The Ordinary General Meeting of 28.04.2011 appointed him administrator for a term which expires on 30.04.2014, together with the mandates of the other members of the Administration Board.

Education, professional qualifications, responsibilities

He is an engineer, a graduate of "Satpayev" Technical University in Almaty, Kazakhstan - class of 2001, of the Faculty of Development and exploitation of oil and gas fields from the "Gubkin", Russian State University of Oil and Gas, Moscow-class of 2004 and of the "Russian-French Master's degree program" specializing in: *International oil-gas affairs* at "Gubkin"- Moscow and *The Management and Economics of Petroleum* at School IFP (Institut Francais du Petrole), Rueil Malmaison, France;

He graduated from the "Japan Corporation Center Petroleum (JCCP)" specializing in: "Modern technologies of refining, FCC technology, Project Management".

He has solid professional experience in Kazakh oil industry, holding management positions in petro chemistry and commercial management.

From January 2006 - August 2009 he worked for JSC << Trade House KazMunayGaz >> as Sales Department Director and Oil Processing Department Manager.

Mr. Nurkanat Retayev joined Rompetrol Group in 2009, as Consultant on the commercial management of ROMPETROL PETROCHEMICALS SRL and from December. 2010 he is the Deputy Commercial Director with THE ROMPETROL GROUP CORPORATE CENTER.

• **Palmer Capital RO S.R.L.** (former **S.C. Middle Europe Investments S.R.L.**), a Romanian legal person based in Cluj-Napoca str. Iosif Vulcan nr. 13 ap.1, Unique Registration Code 18128488, J12/1885/2009, represented by Mr. Făder Cristian Robert as Administrator – who was **permanently represented by Mr. Vasile- Marius Chiş** in the period 01.01.2012 -31.05.2012, and **by Mr. Cristian Robert Făder** in the period 01.06.2012 -31.12.2012 in accordance with the Management Contract no. 54/2010 and the Addendum No.1 to this contract.

He has been a member of the Administration Board since 27.04.2010;

Duration of mandate: 27.04.2010 until 30.04.2014

Vasile – Marius Chiş is a Romanian citizen, born in 1978;

He is an economist; graduate of the Faculty of Economic Sciences - section "Banking and Stock Exchange" and of a Master's Degree in "Banking and Capital Markets" from "Babes-Bolyai" University Cluj-Napoca. He has attended capital market brokers' courses and derivative broker/traders' courses.

He has experience in financial services, investment fund management, trading.

He worked as a financial analyst at the investment fund Middle Europe Investments SRL Cluj-Napoca.

Cristian Robert Făder is a Romanian citizen, born in 1980; He graduated the Faculty of European Studies from "Babeş-Bolyai" University Cluj-Napoca, with special accent on the European Institutions Management. He has experience in financial services, investment fund management, capital market. From 2007 he is the manager of Palmer Capital RO SRL (former Middle Europe Investments SRL).

The Administration Board evaluated the independence of its non-executive members under the criteria provided in Art. 138 ^ 2 of Law no. 31/1990 - Commercial Company Law - , republished

and updated and in Recommendation 16 of the Code of Corporate Governance of Bucharest Stock Exchange.

Therefore, the administrator of Palmer Capital RO SRL, a Romanian legal person who is permanently represented by Mr. Cristian Robert Fäder, is independent.

In 2012 a number of 6 meetings of the Administration Board were held, the administrators' participation in these meetings being as follows: Adrian - Ion Stănescu (Chairman) - 6 meetings, Gheorghe Georgescu (Member) - 6 meetings, Talgat Issayev (Member) - 6 meetings, Retayev Nurkanat (Member) - 6 meetings, Palmer Capital RO S.R.L. (Member) represented by Vasile Marius Chiş and Cristian Robert Fäder - 6 meetings.

All the Administration Board's meetings were presided over by the President. Topics and projects relevant to the Company's business were brought into discussion. Decisions were adopted, taking into account the legal provisions, the regulations, the articles of incorporation and internal incident procedures. The decisions were taken by the "in favour of" vote expressed by the majority of those present, according to the Articles of Incorporation. From the analysis of the manner in which they have been met, it resulted that all decisions taken have been achieved.

The Board of Directors has not created so far advisory committees (committees for appointment, remuneration and audit).

For the tax year of 2012, in accordance with the law, directors' remuneration was approved by the Ordinary General Meeting of Shareholders on April 26, 2012.

Information on the remuneration costs of directors' and managers' with mandate is given in the annual financial statements.

The company has a **financial auditor** and an **internal auditor** who worked in accordance with applicable laws and contracts concluded in this regard.

The department of Budgets & Controlling ensures internal audit responsibilities.

The internal control of the company is to monitor compliance with regulations, internal memos, decisions of the General Manager and Board of Directors, as applicable, regarding specific work procedures and flow of documents, identifying each approver level both interdepartmental and in the commitments of the company with third parties. The control targets the application of internal control rules and procedures for all hierarchical and functional levels: approval, authorization, verification, evaluation of operational performance, securing assets, segregation of duties. The system is characterized by flexibility, feature that provides timely adaptation to changes in legislation and implementation of procedures agreed at level group by Rompetrol.

Since 2008, the **financial auditor** has been "Ernst & Young Assurance Services SRL". The financial auditor has audited the annual financial statements.

Executive Leadership

The Company's management is provided by two managers to who have been delegated powers of leadership by the Board of Directors pursuant to provisions of art. 143 line 1 of Law 31/1991 regarding companies and the ones in the Articles of Incorporation.

Any other position of manager in the company (HR Manager, Commercial Manager, Managing Director, CIO, etc.), regardless of its name, does not involve the company management also.

Managers' activity is performed under mandate contracts concluded with the company.

In 201, company Managers are:

- General Manager
 - Mr. Adrian - Ion Stănescu
- Economic - Managing Director
 - Mr. Dorin Guef

Shareholders' rights

S.C. ROMPETROL WELL SERVICES S.A. ensures fair treatment of all shareholders, including minority and foreign shareholders, in accordance with the law and the Articles of Incorporation of the Company.

The company will use all its best efforts to facilitate shareholders' participation in the work of the General Meeting of Shareholders (GMS). Shareholders of ROMPETROL WELL SERVICES have the opportunity to participate in the GMS directly, through a representative based on special power of attorney or can vote by mail (by sending the vote form by mail of any delivery form or by e-mail with electronic signature incorporated under Law no. 455/2001 on electronic signature).

According to Article 11 of the Articles of Incorporation of the Company updated on April 27, 2010 in conjunction with the applicable laws, the **Ordinary General Meeting** shall meet at least once a year within the mandatory deadline required by law, and has the following main tasks:

- a) discuss, approve or modify annual financial statements based on reports submitted by the Board of Directors and the financial auditor, and to determine the dividends;
- b) elect and dismiss directors of the company;
- c) appoint and fix the minimum duration of the financial audit agreements and revoke the financial auditor;
- d) fix for every current year the remuneration due to directors;
- e) to decide on management directors;
- f) review the work of the Board and Directors and to decide the prosecution of directors for the damage to the company, designating the person responsible to exercise it;
- g) to determine the income and expenditure budget and, where appropriate, the working program, for the following tax year;
- h) decide pledging, leasing or closing of one or more units of the company;
- i) approve the maximum limits of remuneration of persons occupying / exercising management positions when required by applicable law;

The **Extraordinary General Meeting** has the following duties:

- a) changing the legal form of the company;
- b) relocating the company;
- c) changing the object of the company;
- d) the establishment or closure of subsidiaries: branches, agencies, offices or other such units without legal personality, unless otherwise provided by the Articles of Incorporation;
- e) prolongation of company duration;
- f) increase of registered capital;
- g) reduction of registered capital or replenishment by issuing new shares;
- h) merger with another companies or division of the company;
- i) anticipated dissolution of the company;
- j) conversion of shares from one category to another;
- k) conversion of a category of bonds into another category or in shares;
- l) issue of bonds;
- m) approves the adoption / conclusion of legal documents on behalf of the company whose object is worth more than USD 10 million;
- n) any other amendment to the Articles of Incorporation or any other decision for which approval is requested from the Extraordinary General Meeting.

The Extraordinary General Meeting designated the Board of Directors with the exercise the powers provided in letters b) and c) of the above line.

The Extraordinary General Meeting may delegate the Board of Directors with the capital increase in accordance with the provisions of Art. 236 of Law no. 297/2004 on the capital market.

Conducting the Annual General Meeting of Shareholders

The General Meeting of Shareholders is convened by the directors whenever need be, by publication of an announcement in the Official Gazette of Romania, Part IV, and in one of widespread local or national newspapers in the locality where the company has its registered office. The summons will include: location, date and time of the meeting, with an explicit agenda

of all matters that will be subject to debates of the Assembly and any other terms provided for by the capital market.

When the agenda includes proposals to amend the Articles of Incorporation, the call will include the full text of the proposals.

When the agenda includes the election of directors, the call will contain the mention that the list with the names, domicile and professional qualifications of the persons proposed for the position of administrator is available to shareholders and can be accessed and completed by them.

In the notice for the first General Meeting there will be set the day and time for the second meeting, if the first one could not be held. If the day fixed for the next General Meeting is not mentioned in the notice, it could be convened within a minimum of 8 days.

The General Meeting may meet at the Company headquarters or in other place determined in the convening notice by directors. Shareholders may also be represented in the General Meeting by persons who do not have the capacity of shareholder of the Company.

The General Meeting is chaired by Chairman of the Board of Directors or by a person appointed by him, who designates, among the members of the General Meeting of Shareholders or one of the shareholders of the company, one to three secretaries, plus a technical secretary among the employees. They will draw the attendance list of shareholders, by checking the following:

- IDs of people who come to the General Meeting as shareholders or their authorized proxies;
- special power of attorney submitted by the shareholders' proxies. It will be considered that the power of attorney is valid only for the General Meeting of Shareholders for which it was requested;

- forms to vote by mail.

The secretary of the meeting shall also verify the fulfillment of the legal requirements on the quorum present for the validity of General Meetings.

If the Ordinary or Extraordinary General Meeting cannot work due to failure of the legal requirements on attendance, the meeting that will meet at a second convocation may deliberate on the points on the agenda of the first meeting, regardless of the quorum, taking decisions through the majority of expressed vote.

After submitting the documents in the agenda, the issues debated by shareholders are voted on by the Chairman of the Meeting.

The General Meeting decisions are taken by open vote, except for the cases when the General Meeting decides that voting should be secret or the law requires a secret ballot.

Each share entitles to one vote in the General Meeting. The person representing more shareholders based on special powers of attorney expresses the votes of persons represented by the aggregation of the number of votes "for", "against" and "abstention" without offsetting them (e.g. "on the x point of the agenda I represent "x" votes "for", "b" votes "against" and "c" abstentions "). Votes so cast are validated or, where appropriate, invalidated, based on the third copy of special powers of attorney by the secretary of the General Meeting. The votes included in the special power of attorney are exercised only in the manner desired by the shareholder.

The Secretary or Secretaries of the meeting, based on the vote freely expressed by shareholders, will prepare the minutes of the General Meeting.

Decisions adopted by the General Meetings of Shareholders in 2012:

The Ordinary General Meeting of Shareholders of S.C. ROMPETROL WELL SERVICES S.A. dated April 26, 2012 decided the following:

- approves the annual financial statements for the tax year 2011.
 - approves the allocation of profit obtained in the tax year 2011 - in accordance with the law.
- Approves the distribution of a gross dividend per share of 0.029 lei for 2011 to shareholders registered in the Register of Shareholders on May 18, 2012 (date of registration).
The dividend payment deadline is of 6 months after the General Meeting of Shareholders setting dividends, deadline provided in Art. 238 line 2 of Law no. 297/2004.
- approves the financial management discharge for the tax year 2011.
 - Approves the remuneration due for the tax year 2012 of the members of the Board of Directors of the Company for the year 2011.
 - Approves the mandate extension of the financial auditor "Ernst & Young Assurance Services SRL" located in Bucharest sector 1 63-69 Dr. Iacob Felix st. 2nd floor, registered at the Trade

Register under no. J40/5964/1999, fiscal code 11909783, member of the Financial Auditors Chamber of Romania, the contract will have a minimum period of 2 (two) years, starting with April 27, 2012.

- Approves the income and expenditure budget for 2012.
- Approves the budget of the investment activity for 2012 amounting to 3.702 thousand dollars.

Shareholders' rights to dividends

If the General Meeting of Shareholders approves the distribution of dividends from the net profit of the company, are entitled to receive dividends all shareholders registered in the register of shareholders on the record date approved by the General Meeting approving also the value of dividends and the time they are paid to shareholders.

The Ordinary General Meeting of Shareholders of April, 26 2012 approved the distribution of a gross dividend per share of 0.029 lei for 2011 to shareholders registered in the Register of Shareholders on May 18, 2012 (date of registration). The information on paying dividends for the tax year 2011 were presented in a report currently submitted to the Bucharest Stock Exchange Current and in the press release of July 18, 2012 published in BURSA newspaper. All these information were posted also on Company's web site.

Transparency, communication, financial reporting

S.C. Rompetrol Well Services attaches great importance to transparency in communication. Considering that the confidence of the public is essential to the company, the company transforms its communication policy into an explicit and mutual commitment between the company and its interlocutors. The fulfilment of reporting obligations and transparency of communication are ways to win the confidence of investors.

The company aims to ensure a continuous and periodic reporting in an objective and honest manner, covering all important aspects of company business, financial status, applied accounting policies, recorded performances.

During 2012 there have been prepared reports and press releases about financial results, summons and decisions of GMS, regular reporting (monthly, quarterly, annual), distributing dividends, etc. The information being subject to mandatory reporting - current and periodic reports - was also presented on the Company's website, www.rompetrol.ro in the section Relații cu Investitorii/Rompetrol Well Services/Prezentări (Investor Relations/Rompetrol Well Services/Presentations).

In order to ensure equal access to information for investors, the posting on the Company's website of reports and press releases addressed to the market participants is made after being posted on the market operator, which is the BSE.

In accordance with the law, the accounting and financial statements of Rompetrol Well Services and the ones related to operations are audited by Ernst & Young Assurance Services SRL, an independent financial auditor appointed by the General Meeting of Shareholders of April 26, 2012 for a period of two years.

Social responsibility

S.C. Rompetrol Well Services S.A. actively supports all programs of social responsibility of TRG.

The Rompetrol Group (TRG) considers social responsibility a voluntarily assumed contribution to social development, working closely with the company activity, international laws and resources of the Group.

Our commitments to corporate social responsibility:

1. Sustainable, responsible development, which extends beyond the operations undertaken by us;
2. Acting ethically and responsibly in terms of safety, health and welfare of our employees and partners in the industry;
3. Best corporate governance practices since they affect all stakeholders, including our employees, local and regional communities, suppliers, investors and partners;
4. Investing time and energy in promoting leadership by entrepreneurial and educational initiatives.

Our commitment to corporate social responsibility provides work principles for all management decisions and we focus on the use of best practices in the industry encouraging the participation of

the company and the community in joint projects to raise standards in areas such as: success in business, environment, health and safety, social responsibility, youth education and leadership

Basic principles

The Rompetrol Group approach concerning corporate social responsibility is reflected in the motto of the group „living energy“, which is a call to active continuous involvement in projects that meet our goals concerning corporate social responsibility.

Rompetrol Group defines the following basic principles of its policy of corporate social responsibility:

1. **Respect/Consideration to employees:** To respect and help the employees to improve their lifestyle through development opportunities and employment practices based on equal opportunities and on best professional and safety practices.
2. **Continuous involvement:** The involvement to an adequate level of the authorities, community, and other persons interested in all the decisions affecting them.
3. **Health and Safety:** To ensure health and safety for our employees, suppliers, and the communities where we operate.
4. **Risk management:** To identify, assess, manage and mitigate risks related to the communities hosting us, to employees, contractors, environment and our business.
5. **Education and Leadership:** To promote leadership, particularly to young people through civic engagement and educational activities which encourage initiatives of social and entrepreneurial responsibility.
6. **Consideration to local communities:** To respect, protect and promote human rights, culture, customs and communities' values where we operate.
7. **Best practices:** We respect the ten principles of the United Nations Global Pact regarding human rights, work, environment and anti-corruption.

In order to comply with basic principles of the Group, the following rules shall be observed:

- All projects concerning corporate, social responsibility will be accomplished in the spirit of transparency, fairness and respect of human rights and labour practices and anti-corruption.
- All projects concerning corporate, social responsibility require a proactive response from all employees and are coordinated by the Communication and Corporate Affairs Department.
- All projects concerning corporate, social responsibility are review, monitored and continuously measured.
- The company will support projects promoting the development of social involvement between interested parties.

The Rompetrol Group, as a socially responsible company, is committed to the ongoing implementation and improvement of the quality of social activities in the following main directions

- **External Social Responsibility**
 - o Social Partnership and Sponsorship
 - o Environment Protection
- **Internal Social Responsibility**
 - o Development of Human Resources potential
 - o Health and job security
 - o Social Causes supported by Rompetrol employees

7. Appendices

a) articles of incorporation of the commercial company, if they have been modified during the reporting year;

The Society's article of incorporation has not been modified in 2012.

b) major contracts concluded by the commercial society during the reporting year;

S.C.ROMPETROL WELL SERVICES S.A. Ploiești, as **provider-supplier**, has developed its activity based on contracts, whose object was services delivery related to oil and gas extraction.

In terms of **service contracts** concluded with various internal beneficiaries, the situation at the end of 2012 is as follows:

BENEFICIARY	Contract value (lei)	Total Income (lei)
	2012	2012
OMV PETROM S.A. BUCURESTI	(*)	56,600,785
S.N.G.N. ROMGAZ SA MEDIAS	(*)	6,368,367
PETROFAC SOLUTIONS&FACILITIES SUPORT SRL BUCURESTI	(*)	8,674,341
AMROMCO ENERGY SRL PLOIESTI	(*)	5,622,940
SCHELE FORAJ	3,545,932	3,126,852
OTHER OPERATORS - DOMESTIC	(*)	8,681,437
OTHER OPERATORS - OVERSEAS	(*)	6,239,040

(*) There were contracts in execution in 2012 without total value specifications.

c) resignation/dismissal acts, if there were such situations among the members of the administrative department, executive management, auditors;

Not applicable.

d) list of company's subsidiaries and societies under its control;

S.C.Romp petrol Well Services S.A. has no subsidiaries or societies under its control.

e) list of persons affiliated to the company¹

S.C. Rompetrol Well Services S.A. is part of the Rompetrol Group.

Romp petrol Group is registered to National Commission of Transferable Securities (NCTS) and at 12.31.2012 consisted of the following companies:

- The Rompetrol Group N.V.
- Rompetrol S.A.
- Rompetrol Downstream S.R.L.
- Rompetrol Rafinare S.A.
- Palplast S.A.
- Ecomaster Servicii Ecologice S.R.L.
- Rompetrol Logistics S.R.L.
- Rominserv S.R.L.
- Rom Oil S.A.
- Global Security Sistem S.A.
- Rompetrol Petrochemicals S.R.L.

¹ As Government Emergency Ordinance no. 28/2002 which defined the term "affiliated person" was repealed, and in the absence of another legislative act issued by the capital market institutions to define this term at this point all the companies within Rompetrol Group were listed.

- Rompetrol Quality Control S.R.L.
- Rompetrol Financial Group S.R.L.
- Rompetrol Gas S.R.L.
- Midia Marine Terminal S.R.L.
- The Rompetrol Group Corporate Center S.R.L.
- Byron Shipping S.R.L.
- Rominserv Valves Iaifo S.R.L.
- Întreprinderea Mixta "Rompetrol Moldova" S.A.
- Rompetrol Georgia LTD
- Rompetrol France SAS
- Dyneff SAS
- Dyneff Espagne SL
- BIONEFF SL
- Dyneff Gas Stations Network SL
- TMP SAS (Terminal Midi Pyrenees)
- DPPLN SAS (Depot Petrolier de Port-la Nouvelle)
- LLC Rompetrol Ukraine LTD
- AGAT LTD
- Byron Shipping LTD
- Rominserv Kazahstan LLC
- Rompetrol TICARET Turcia
- Rompetrol Bulgaria AD
- Vector Energy A.G.

**CHAIRMAN OF THE ADMINISTRATION BOARD,
GENERAL MANAGER,**

Mr. Adrian - Ion Stănescu



ECONOMIC MANAGER,

Mr. Dorin Guef

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

OPERATIONAL REVENUES

NAME ASSORTMENT	2010		2011		2012	
	ACTUAL RON	%	ACTUAL RON	%	ACTUAL RON	%
1	2	3	4	5	6	7
Down-hole String	2.229.262,960	2,80	1.699.749,320	1,77	2.141.909,000	1,93
Slick Line Unit	3.941.267,020	4,96	3.568.825,890	3,73	4.387.196,000	3,96
Cementing Unit	40.798.953,420	51,29	40.829.810,240	42,62	46.960.624,000	42,37
Tank Truk	1.259.136,460	1,58	1.257.951,840	1,31	871.334,000	0,79
Power Tongs	1.628.023,360	2,05	1.769.573,630	1,85	4.344.259,000	3,92
Solution, spacer preparation	1.208.717,970	1,52	516.036,280	0,54	1.109.395,000	1,00
Lab Analisis	402.905,980	0,51	1.212.053,070	1,27	548.551,000	0,49
Bulk Truck	4.866.689,000	6,12	5.688.288,320	5,94	4.166.874,000	3,76
Non-fired Nitogen	2.118.909,600	2,66	1.725.137,170	1,80	1.898.875,000	1,71
Nitrogen Tank	1.128.482,900	1,42	974.900,820	1,02	700.531,000	0,63
Rental equipments	2.417.393,390	3,04	2.642.545,480	2,76	3.546.961,000	3,20
Rental tools	836.081,890	1,05	490.276,640	0,51	478.289,000	0,43
Data Acqitsition System	901.790,760	1,13	1.621.059,000	1,69	2.412.301,000	2,18
Cement Silo	99.295,280	0,12	28.250,000	0,03	53.196,000	0,05
Separator	86.737,800	0,11	6.195,600	0,01	2.995,000	0,00
Chlorine Hydride Tank	848.059,200	1,07	1.234.564,410	1,29	1.675.815,000	1,51
Nitrogen	3.218.663,400	4,05	103.180,000	0,11	2.011.118,000	1,81
Mileage	149.150,520	0,19	281.574,950	0,29	926.740,000	0,84
Others	11.399.136,090	14,33	30.153.901,340	31,47	32.600.203,000	29,41
OPERATIONAL REVENUES						
SC Rompetrol Well Sevices S.A.	79.538.657,000	100,00	95.803.874,000	100,00	110.837.166,000	100,00

Anexa 1-b

STRUCTURE OF TURNOVER

Denumire sortiment	2010		2011		2012	
	ACTUAL RON	%	ACTUAL RON	%	ACTUAL RON	%
1	2	3	4	5	6	7
Down-hole String	2.229.262,960	2,81	1.699.749,320	1,78	2.141.909,000	2,03
Slick Line Unit	3.941.267,020	4,98	3.568.825,890	3,74	4.387.196,000	4,16
Cementing Unit	40.798.953,420	51,52	40.829.810,240	42,76	46.033.884,000	43,69
Tank Truk	1.259.136,460	1,59	1.257.951,840	1,32	871.334,000	0,83
Power Tongs	1.628.023,360	2,06	1.769.573,630	1,85	4.344.259,000	4,12
Solution, spacer preparation	1.208.717,970	1,53	516.036,280	0,54	1.109.395,000	1,05
Lab Analisys	402.905,980	0,51	1.212.053,070	1,27	548.551,000	0,52
Bulk Truck	4.866.689,000	6,15	5.688.288,320	5,96	4.166.874,000	3,95
Non-fired Nitogen	2.118.909,600	2,68	1.725.137,170	1,81	1.898.875,000	1,80
Nitrogen Tank	1.128.482,900	1,42	974.900,820	1,02	700.531,000	0,66
Rental equipments	2.417.393,390	3,05	2.642.545,480	2,77	3.546.961,000	3,37
Rental tools	836.081,890	1,06	490.276,640	0,51	478.289,000	0,45
Data Acquitsition System	901.790,760	1,14	1.621.059,000	1,70	2.412.301,000	2,29
Cement Silo	99.295,280	0,13	28.250,000	0,03	53.196,000	0,05
Separator	86.737,800	0,11	6.195,600	0,01	2.995,000	0,00
Chlorine Hydride Tank	848.059,200	1,07	1.234.564,410	1,29	1.675.815,000	1,59
Nitrogen	3.218.663,400	4,06	103.180,000	0,11	2.011.118,000	1,91
Mileage	149.150,520	0,19	281.574,950	0,29	926.740,000	0,88
Others	11.056.504,090	13,96	29.838.962,340	31,25	28.061.253,000	26,63
TURNOVER	79.196.025,000	100,00	95.488.935,000	100,00	105.371.476,000	100,00