

ROMPETROL WELL SERVICES S.A.

STAND-ALONE FINANCIAL STATEMENTS

Prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012

31 December 2015

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ROMPETROL WELL SERVICES S.A.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended as at 31 December 2015

	Notes	Date 31.12.2015	Date 31.12.2014
Turnover	2	49.975.025	88.034.179
Services performed		49.917.461	86.884.769
Sales of goods		57.564	1.149.410
Other operating income	3.1	125.862	490.935
OPERATING INCOME - TOTAL		50.100.887	88.525.114
Expenses with consumables		(10.440.518)	(18.489.946)
Power and water expenses		(489.847)	(628.939)
Merchandise expenses		(40.464)	(490.274)
Payroll costs, out of which:	5	(21.205.208)	(25.918.725)
Salaries		(17.444.267)	(20.676.988)
Social security contributions		(3.760.941)	(5.241.737)
Fixed assets value adjustment, of which		(11.371.801)	(9.436.852)
Depreciation		(7.831.801)	(9.404.412)
Current assets value adjustment	12,13,14	(25.794.644)	(6.641.080)
Expenses for third-party services	3.2	(10.446.990)	(16.343.818)
Taxes, duties and similar expenses		(735.837)	(793.170)
Provision adjustments	18,19	2.286.832	(635.118)
Other operating expenses	3.3	(2.403.947)	(682.603)
OPERATING EXPENSES - TOTAL		(80.642.424)	(80.060.525)
OPERATING RESULT		(30.541.537)	8.464.589
Interest income		1.954.257	1.914.377
- of which, revenues from related parties		1.919.683	1.750.617
Other financial income		1.326.237	1.013.269
FINANCIAL INCOME – TOTAL	4.1	3.280.494	2.927.646
Value adjustment in respect of financial investments		43.508	(43.508)
Other financial expenses		(1.603.945)	(947.599)
FINANCIAL EXPENSES – TOTAL	4.2	(1.560.437)	(991.107)
FINANCIAL RESULT		1.720.057	1.936.539

ROMPETROL WELL SERVICES S.A.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

RESULT BEFORE TAX		<u>(28.821.480)</u>	<u>10.401.128</u>
Income tax expense	6	(801.159)	(1.544.383)
RESULT FOR THE YEAR		<u>(29.622.639)</u>	<u>8.856.745</u>
Earning per share	7	<u>(0,11)</u>	<u>0,03</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(29.622.639)	8.856.745

The Financial Statements from page 1 to page 41 are approved by the Board of Directors in 29 March.2016 and are signed in his name by:

Administrator,
 STANESCU Adrian Ion

Signature
 Unit stamp



PREPARED BY,
 MANOLE Vasile – Gabriel
 Economic Director

Signature

A blue ink handwritten signature of Manole Vasile - Gabriel.

ROMPETROL WELL SERVICES S.A.
STATEMENT OF THE FINANCIAL POSITION
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	Date 31.12.2015	Date 31.12.2014
Assets			
Non-current assets			
Tangible assets	8	37.912.300	47.205.320
Real estate investments	9	563.013	581.623
Intangible assets	10	17.441	20.436
Financial assets	11	6.524.856	6.481.348
Other financial assets	12	3.864.467	29.211.824
Deferred tax assets	6	-	538.086
Total fixed assets		48.882.077	84.038.637
Current assets			
Inventories	13	4.154.903	5.016.645
Trade and similar receivables	14	76.847.927	81.031.142
Profit tax receivable		2.370.643	1.087.643
Other current assets	15	190.778	241.230
Cash and deposits	16	3.817.211	6.069.540
Current assets - total		87.381.462	93.446.200
Total assets		136.263.539	177.484.837
Capital and reserves			
Capital			
Share capital, of which:		28.557.446	28.557.446
Subscribed and paid in share capital	17.1	27.819.090	27.819.090
Share capital adjustments	17.2	738.356	738.356
Legal reserves		5.563.818	5.563.818
Other reserves		103.303.437	100.010.510
Retained earnings		18.330.138	18.330.138
Current result		(29.622.639)	8.856.745
Total equity		126.132.200	161.318.657
Long-term liabilities			
Provisions	18	448.355	2.106.593
Employee benefits liabilities	18	350.714	1.003.851
Deferred tax liabilities	6	263.073	-
Other liabilities		2.830	-
Total long-term liabilities		1.064.971	3.110.444

ROMPETROL WELL SERVICES S.A.
STATEMENT OF THE FINANCIAL POSITION
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Current liabilities			
Trade payables and similar liabilities	20	8.344.427	12.358.338
Provisions	18	721.941	697.398
Non current payables - total		9.066.368	13.055.736
Total payables		10.131.339	16.166.180
Total equity and liabilities		136.263.539	177.484.837

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MANOLE Vasile – Gabriel
Economic Director

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 Unit stamp



Signature

A handwritten signature in blue ink, corresponding to the Economic Director mentioned in the text above.

ROMPETROL WELL SERVICES S.A.
STATEMENT OF CHANGES IN EQUITY
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

STATEMENT OF CHANGES IN EQUITY
For the year ended as at 31 December 2014

	Share capital	Legal reserves	Other reserves	Retained earnings IFRS transition	Current result	Total equity: total
Balance as at 1 January 2014	28.557.446	5.563.818	80.757.218	18.330.138	27.599.019	160.807.639
Transfer to other reserves			19.310.722		(19.253.292)	57.430
Result of the period			(57.430)		8.856.745	8.799.315
Dividends					(8.345.727)	(8.345.727)
Balance as at 31 December 2014	28.557.446	5.563.818	100.010.510	18.330.138	8.856.745	161.318.657

STATEMENT OF CHANGES IN EQUITY
For the year ended as at 31 December 2015

	Share capital	Legal reserves	Other reserves	Retained earnings IFRS transition	Current result	Total equity: total
Balance as at 1 January 2015	28.557.446	5.563.818	100.010.510	18.330.138	8.856.745	161.318.657
Transfer to other reserves (*)			3.292.927		(3.292.927)	-
Result of the period					(29.622.639)	(29.622.639)
Dividends					(5.563.818)	(5.563.818)
Balance as at 31 December 2015	28.557.446	5.563.818	103.303.437	18.330.138	(29.622.639)	129.672.198

(*The net result of year 2014, in amount of 8.856.745 lei, is presented as dividends for the amount of 5.563.818 lei and the difference of 3.292.927 lei as reserves, based on A.G.O.A decision from 28 April 2015.

Payment of dividends started on 1st September 2015.

Other Reserves represent reserve constituted through the distribution of prior year profit.

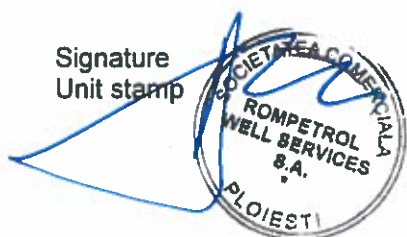
Retained Earnings IFRS transition represent the retained earning constituted on the first adoption of IAS, less IAS 29.

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PREPARED BY,
MANOLE Vasile – Gabriel
Economic Director

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 Unit stamp



Signature

ROMPETROL WELL SERVICES S.A.
STATEMENT OF CASH FLOW
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

STATEMENT OF CASH FLOWS

Indirect method

Name of item	Financial year	
	Ended as at 31.12.2015	Ended as at 31.12.2014
<i>Cash flows from operating activities:</i>		
Net result before tax	(28.821.480)	10.401.128
<i>Adjustments for:</i>		
Depreciation and adjustments related to tangible assets	11.368.806	9.426.477
Depreciation and adjustments related to intangible assets	2.995	10.374
Movements in other provisions, net	22.945.139	7.293.727
Interest income	(1.954.257)	(1.914.377)
Loss / (profit) from tangible asset sales	(9.000)	(51.560)
Operating profit before working capital changes	3.532.203	25.165.769
Decrease / (Increase) of trade and other receivables	11.234.002	(56.600)
Decrease / (Increase) of cash pooling	(6.065.820)	(17.828.657)
Decrease / (Increase) of inventories	691.280	681.028
Decrease / (Increase) of trade and other debts	(4.503.468)	(385.548)
Paid income tax	(1.283.000)	(5.377.905)
Net cash flow (used in) generated by operating activities	3.605.197	2.198.087
<i>Cash flows from investments:</i>		
Payments for purchase of tangible assets	(1.866.480)	(5.387.430)
Receipts from sale of tangible and intangible assets	9.000	73.390
Received interest	2.033.736	1.788.781
Net cash from investments	176.255	(3.525.259)
<i>Cash flows from financing activities:</i>		
Dividends paid	(5.262.127)	(9.900.758)
Net cash flows from financing activities:	(5.262.127)	(9.900.758)
Net increase / (decrease) of cash and cash equivalents	(1.480.675)	(11.227.930)
Cash and cash equivalents at the beginning of the financial year	9.162.354	20.390.284
Cash and cash equivalents at the end of the financial year	7.681.679	9.162.354
Cash included in collateral accounts	6.516.755	5.745.102
Cash and cash equivalents at the year end excluding collateral accounts	1.164.923	3.417.252

Cash and cash equivalents include the long-term collateral deposits (see note 16 and 22).

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Administrator,
 STANESCU Adrian Ion

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PREPARED BY,
 MANOLE Vasile – Gabriel
 Economic Director

Signature

NOTES TO THE FINANCIAL STATEMENTS

1. INFORMATION ON THE ENTITY

The financial statements of S.C. **ROMPETROL WELL SERVICES S.A.** for the financial year ended as at 31 December 2015 are authorised according to the resolution of the Board of Directors dated 23 March 2016.

S.C. Rompetrol Well Services S.A. ("the Company") is a stock company, registered office located in Ploiesti, str. Clopotei, Nr. 2 bis, Romania. The Company is registered with the Trade Register under the number J29/110/05.03.1991.

The Company has a non-legal personality subsidiary in Kazakhstan, Atyrau, 060003, str Moldagaliyeva 31/19.

It was turned into a stock company named S.C. PETROS S.A. based on the Government Decision no. 1213 of November 1990, under the Law 15/1990, and operated under such name until September 2001 when its name was changed into S.C. ROMPETROL WELL SERVICES S.A.

The main scope of business of the company includes: special well operations, rent of special well tools and devices, other service provision. The Company provides services for both the domestic and foreign market. Its long history in both the domestic and the foreign oil industry makes it a competitive, reliable and serious partner for a large range of services:

- Primary and secondary cementing
- Acidizing and cracking services
- Sand-Control services (reinforcement and packing)
- Well nitrogen treatment services
- Well testing services
- Well lining services
- Drilling tools and instrumentation rental services

The Company is part of the KazMunayGas International Group. The annual consolidated financial statements are prepared at the level of the parent company, KMG International NV, with the head office located in World Trade Center, Strawinskyiaan 807, Tower A, 8th Floor, 1077 XX, Amsterdam, The Netherlands.

These annual stand-alone financial statements are public and available on www.rompetrol.com, on Investor Relations section.

The last parent of KazMunayGas International Group is the Holding for the Management of State Assets "Samruk" JSC, an entity based in Kazakhstan.

The Company carries out similar activities through its subsidiary ROMPETROL WELL SERVICES registered in the Republic of Kazakhstan. The national functional currency is Tenge KZT. The reorganisation for crisis conditions into oil services industry assumed an analysis on geographical areas of operational efficiency for a period of multiple years. Matters connected to factors such as materials and human resources, contractual commitments and market particularity, lead to the proposal to renounce to the operational activity in Kazakhstan, and a consequence, to dissolve Company's Branch in Kazakhstan, proposal approved by General Extraordinary Meeting of the Shareholders on July 22nd, 2015. The process of effective closure is continuing.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

As of December 31st, 2015 the financial position of the Kazakhstan Branch is as follows:

	As of 31.12.2015
Tangible assets	0
Intangible assets	0
Inventories	0
Trade and similar receivables	182.073
Cash and deposits	6.673
Total assets	188.746
Other capital elements	97.371
Trade payables and similar liabilities	91.375
Total equity and liabilities	188.746

1.1. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Starting the year ended on 31 December 2012, the financial statements of the Company are prepared in accordance with the Order no. 1286/2012 of the Ministry of Public Finance approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, as further amended and extended. Such provisions are aligned with the requirements of the International Financial Reporting Standards adopted by the European Union, except for the provisions of IAS 21 - *The Effects of Changes in Foreign Exchange Rates regarding the functional currency*.

In order to prepare these financial statements, pursuant to the Romanian legal requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

The financial statements of the Company are based on the historical cost principle. The stand-alone financial statements are presented in RON and all amounts are rounded up in RON unless otherwise specified.

The financial statements of the Company are prepared based on the going concern principle.

1.2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) The going concern principle

The financial statements of the Company are prepared based on the going concern principle.

b) Foreign Currency Translations

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss resulted from the re-conversion of non-monetary items is treated in line with the recognition of gain or loss upon the change in fair value (i.e., the exchange rate differences on items whose fair value gain or loss is recognised in Other elements of

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the year ended as at 31 December 2015

(all amounts expressed in Lei ("RON"), unless otherwise specified)

global earnings, or the profit or loss are also recognised in Other elements of global earnings, profit or loss, respectively).

The exchange rates used to translate the balances denominated in foreign currency as at 31 December 2015 were, for RON:

	<u>31 December 2014</u>	<u>31 December 2015</u>
EUR 1	4,4821	4,5245
USD 1	3,6868	4,1477

For the indicators of the subsidiary in Kazakhstan, the KZT/USD and then the USD/RON conversions are used, the exchange rate for KZT being:

	<u>31 December 2014</u>	<u>31 December 2015</u>
USD 1	182,35	339,47

c) Financial instruments

The Company establishes the classification of financial instruments on the date of the initial recognition. At the initial recognition, financial assets and liabilities are classified as financial assets and liabilities at fair value through profit or loss.

The Company's financial assets include cash and cash equivalents, trade receivables and other receivables (including loans to related parties) and financial investments. The Company's financial liabilities includes trade liabilities and other liabilities. The accounting policies for the recognition and measurement of each item are described in this note.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Receivables and loans at fair value through profit or loss Financial assets at fair value through profit or loss
- Financial assets at fair value through profit or loss

Receivables and loans

This category is the most relevant to the Company. Receivables and loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the year ended as at 31 December 2015
(all amounts expressed in Lei ("RON"), unless otherwise specified)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

d) Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or several events occurred after the initial recognition of that asset and that loss-causing event has an impact on the estimated future cash flows of the financial asset or the group of financial assets than can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulties, contractual or interest or principal payment default, the probability that they will enter in bankruptcy or other financial reorganization and there is information showing a measurable decrease on the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

e) Property, plant and equipment

Property, plant and equipment are stated at cost in the financial statements of the Company.

The Company has opted in year 2012 to apply the deemed cost exemption for the first enforcement of IFRS:

- Buildings and land were carried in the statement of financial position prepared in accordance with Romanian accounting regulations (Order no. 3055/2009 of the Ministry of Finance) on the basis of valuation performed on 31 December 2010. The Company has chosen to regard these values as cost assumed at that date, as the revalued amount was generally comparable to the fair value.
- Equipment was carried in the statement of financial position prepared in accordance with Romanian accounting regulations (Order no. 3055/2009 of the Ministry of Finance) on the basis of valuations performed on 31 December 2003. The Company has chosen to regard these values as cost assumed at that date, as the revalued amount was generally comparable to the fair value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put to operation, such as repairs and maintenance are charged to the profit and loss statement in the period in which the costs are incurred. In cases where it can be proved that

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS

For the year ended as at 31 December 2015

(all amounts expressed in Lei ("RON"), unless otherwise specified)

expenses have increased the future economic benefits obtained from the use of intangible assets besides the standard evaluation of its performance, the expenditure is capitalized as additional costs of the property, plant and equipment.

Construction in progress represents plant and properties under construction and is stated at cost, less any impairment loss. This includes the cost of construction and other direct costs. Depreciation of these and other assets is registered starting with the date when they are ready to be used for the activity they are intended for.

Depreciation for property, plant and equipment except land and construction in progress is computed using the straight-line method over the following estimated useful lives:

Buildings and other constructions	5 - 60 years
Machinery and other equipment	3 - 27 years
Vehicles	3-15 years

The useful life and methods of depreciation of intangible assets are revised at each fiscal year end and adjusted prospectively, if the case.

When assets are sold or disposed of, their cost and related accumulated depreciation are removed and any income or loss resulting from their output is included in the profit or loss account.

The company instructed to an authorised evaluator, "Societatea Generala a Expertilor Tehnici S.A. Bucuresti", a revaluation of buildings and special construction, total of first group, for the reference date of 31 december 2013, the results of the Evaluation Report no. 3057/29.01.2014 being as follows:

Nr crt	Assets	Accounting Values		Revaluation Value at 31.12.2013
		Acquisition value	Remaining value at 31.12.2013	-Lei-
1	Buildings and special constructions for main activity	6.557.349	5.381.918	5.456.525
2	Buildings and special constructions outside main activity	296.162	217.733	272.646
	TOTAL	6.853.511	5.599.651	5.729.171

The conclusions of the report were communicated to all local public administrations where the company is registered with assets belonging to the category of buildings and special constructions, in order to update the taxable values according to the fiscal requirements, without recognising the differences from revaluation into the financial statements.

f) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are disclosed at their historical cost less the provisions for depreciation and impairment. Depreciation of investment properties is computed using straight-line method through their useful life of between 34 and 39 years..

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS

For the year ended as at 31 December 2015

(all amounts expressed in Lei ("RON"), unless otherwise specified)

For the purpose of disclosure, fair values are consequently assessed by an accredited external, independent valuator, by applying a valuation model recommended by the International Valuation Standards Committee. The reevaluation will be performed at least every 3 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change of use. If an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change of use.

g) Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. After the initial recognition, intangible assets are measured at cost less the accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives:

Intangible assets consist mainly of software and licenses and are amortized on a straight-line basis over 3 to 5 years.

Development costs for specific projects which are reasonably anticipated to be recovered through commercial activity as well as the expenditure on acquired computer software licenses are capitalized and amortized using the straight-line method over their useful lives, generally 3 years. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. External and internal costs specifically associated with the maintenance of already existing computer software programmes are expensed as incurred.

h) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have undergone an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the respective asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is stated at its revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss is reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying

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amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed partially or totally, the reimbursement is recognized as a separate asset, but only when the reimbursement is certain. The expense related to any provision is presented in the profit and loss statement net of any reimbursement. If the effect of the time value of money is material, the provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest cost.

Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

j) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs representing the difference between the total leasing commitments and the fair value of the assets acquired are charged to the consolidated profit and loss statement throughout the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leased assets are depreciated over their useful life. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

k) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost comprises the acquisition cost and other costs that have been incurred in bringing the inventories to their present location and condition and is determined by weighted average method for all the inventories.

l) Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less the impairment adjustments. The provisions for

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customers are set up when there is objective evidence that the Company will not collect all amounts due within their initial payment deadlines. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments require provisions to be set up for receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the effective interest rate.

m) Cash and cash equivalents

Cash includes petty cash, cash at banks and cheques in course of being cashed. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash in less than a year to maturity from the date of acquisition and that are subject to an insignificant risk of devaluation.

n) Revenue recognition

Revenue are valued at the fair value of the sale of goods and services, net of value-added tax, excise duties and other sales taxes, rebates and sales discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not recognized as revenue, but revenue is recognised as the amount of the fee.

The following specific recognition criteria must be met before revenue is recognized, if the entity:

- ▶ Has primary responsibility for providing the goods or services;
- ▶ Bears the risks related to inventories;
- ▶ Has discretion in establishing prices;
- ▶ Bears the credit risk.

In addition:

- Sales of goods are recognized when delivery has taken place and transfer of significant risks and rewards has been completed.
- Revenue from rendering services is recognized when services are rendered. Revenues from rendering services include mainly primary and secondary cementing services, acidizing and fracturing services, Sand Control services (consolidating and gravel packing), nitrogen treatment services of wells, wells testing services, casing running services and rental of drilling tools and equipment. Render of services as core activity is finalised in maximum 30 days.
- Interest income is recognized on a time-portion basis using the effective interest method.
- Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

o) Retirement benefit costs

Payments made to state - managed retirement benefit schemes are dealt with as defined contribution plans where the Company pays fixed contributions into the state-managed fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior period. The contributions are charged as an expense in the same period when the employee service was rendered.

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Under the provisions of the collective labour agreement, employees are entitled to specified retirement benefits, payable on retirement, if they are employed with the Company at the date of their retirement. These amounts are estimated as of the reporting date, based on: applicable benefits provided in the agreement, the Company headcount and the actuarial estimates of the future debts. The defined benefit liability as of reporting date comprises the fair value of the defined benefit obligation and the related service cost recorded in the profit and loss statement. All actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

The Company has no other liabilities with respect to future pension benefits, health and other costs for its employees.

p) Taxes

- *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit and loss statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- *Deferred tax*

Deferred tax is recorded using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ▶ The deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures, when the reversal of such temporary differences can be controlled and likely not to be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- ▶ Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ▶ In case of deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures, the deferred tax liability is recognised only when the temporary differences are likely to be reversed in a foreseeable future and when there can be a taxable profit for which temporary differences may be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced consequently to the extent that it is no longer probable that sufficient taxable profit will be available

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to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted until the end of the reporting period.

Deferred tax relating to items recognized off the profit and loss statement is recognized off the profit or loss account. Deferred tax items are recognized depending on the nature of the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and are collected by the same tax authority.

- **Sales taxes**

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- ▶ Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the acquisition cost of the asset or as part of the expense item as the case may be.
- ▶ Receivables and payables whose taxes are included in their amount.

The net amount of sales tax recoverable from, or payable to, the tax authority is included in the receivables or payables in the balance sheet.

q) Dividends

Dividends are recorded in the year in which they are approved by the shareholders.

r) Contingent assets and liabilities

Contingent liabilities are not recognized in the consolidated financial statements. They are however disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

1.3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's stand-alone financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. The estimates and associated assumptions rely on the historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of the assets or liabilities in the future periods.

The estimates and assumptions that accounting judgements rely on are subject to constant review. Revisions to accounting estimates are recognized in the period in which the estimate is revised if such revision only affects that period or in the period of the revision and future periods if such revision affects both current and future periods.

The matters presented below are considered to be paramount in understanding the judgments that are involved in preparing these statements and the uncertainties that could impact the amounts reported in the results of operations, financial position and cash flows.

- (i) *Carrying value of trade receivables*

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The Company assesses the requirement for an allowance for impairment in trade and other receivables at each balance-sheet date. The management uses its judgment, based on the nature and extent of overdue debtors and historical experience, in order to estimate the amount of such an allowance. The allowance is recognized where there is objective evidence that a particular trade receivable or a group of trade receivables have impaired.

(ii) Depreciation of tangible assets and investment properties

The Company analyses at each reporting date if there are indicators of impairment of tangible assets and investment properties. If indicators are identified, or if an impairment test is required by accounting regulation, the accounting value of the main fixed assets and investment properties is revised for possible allowances for impairment, while all assets are analysed each time when events or changes in market or industry indicates the fact that the accounting value of these assets can't be recovered. If for these assets are necessary allowances for impairment, the accounting value for these assets is adjusted to the recoverable amount, which is determined as the highest between fair value less cost to sale and the amount based on discounted future cash flows. The allowances for impairment are reversed only in the case when the events or circumstances that determined the initial impairment have changed. The discounted cash flows are determined based on Company's management estimation as regards to contracts and future projects concluded at the date of evaluation or estimated to be contracted in the future closely linked to market conditions. Other factors that might lead to changes in estimations could include restructuring plans or changes in legislation. The recoverable amount is sensitive to the discount rate applied to discounted cash flows, as well as to the inputs of cash flows and the growth rate estimated for the analysis period. In year 2015, the Company recorded an impairment 3.540.000 lei for technological equipment used under full capacity.

The key assumptions used in order to determine the fair value of assets and sensitivity analysis are explained below.

In order to obtain the fair value of tangible assets it was determined using the discounted cash flow method for the remaining useful life of around 7 years as of 31 December 2015. At the end of the period it was estimated a residual value of tangible assets at the level of net book value. The discount rate applied in the model was 12%, representing the average for the industry of oil related services.

Significant estimates of the Company applied in the model are:

- Operational earnings
- Discount rate

Bellow table present the operational earnings rate applied to revenues, as it was estimated by Company's management:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Rompetro Well Services	<u>0.1%</u>	<u>2.9%</u>	<u>5.0%</u>	<u>6.5%</u>	<u>7.0%</u>	<u>7.0%</u>	<u>6.3%</u>

The discount rate reflects the current assessment of the market risk for Company. The discount rate was estimated based on weighted average cost of capital for the industry. This rate was corrected in order to reflect the market assessment of certain industry risks for which future cash flows were adjusted.

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Sensitivity of estimates

The Company will not record any impairment allowance for tangible assets if the discount rate will improve to 9.5% or the operational earnings rate will increase as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Rompetro Well Services	<u>0.1%</u>	<u>349%</u>	<u>6.0%</u>	<u>8.1%</u>	<u>9.13%</u>	<u>9.8%</u>	<u>9.5%</u>

1.4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Changes to the accounting policies and disclosable information

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2015, respectively 1 February 2015:

- Annual Improvements to IFRSs 2011 – 2013 Cycle
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- IAS 19 Employee benefits (Amended): Employee Contributions

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

The IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2015.

- **IFRS 13 Fair Value Measurement.** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

The IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015.

- **IFRS 2 Share-based Payment.** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

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- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

IAS 19 Employee benefits (Amended): Employee Contributions, the amendment being effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment affects only the disclosure and does not have impact on the financial position of the Company or its performance.

1.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

- **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**

The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The Company is presently assessing the impact of these amendments on its financial position.

- **IFRS 9 Financial Instruments – Classification and measurement**

The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard has not yet been endorsed by the EU. The Company is presently assessing the impact of applying this standard on its financial position.

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard has not been yet endorsed by the EU. The Company is presently assessing the impact of applying this standard on its financial position.

- **IAS 27 Separate Financial Statements (amended)**

The amendment is effective from 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and will help some jurisdictions move to IFRS for separate financial statements, reducing compliance costs without reducing the information available to investors. This amendment will not impact the Company's financial statements.

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• **The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. These annual improvements have not yet been endorsed by the EU. The company is presently assessing the impact this amendments will have on its financial statements

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
- **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

• **IAS 1 Disclosure Initiative (amended)**

The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The Company is presently assessing the impact of applying this standard on its financial position.

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2. TURNOVER

Please find an analysis of the revenue of the company below:

	Sales 2015	Sales 2014
Service revenue	49.917.461	86.884.769
Revenue from goods sold	57.564	1.149.410
Total	49.975.025	88.034.179

	Sales 2015	Sales 2014
Export		
Europa	-	918.668
Asia Centrala	101.255	2.007.858
Export total	101.255	2.926.526
Internal market sales	49.873.770	85.107.653
Sales total	49.975.025	88.034.179

The well services market in Romania was negatively impacted by the significant reduction of operational and investment plans of our customers, determined by the sharp decrease of crude oil price. Oil and gas production in Romania was affected by the natural decline of production, uncompensated completely by new or existing wells. The delay in investment programs due to decrease of crude oil, lead to a dramatic drop in drilling projects with direct consequences on well services, which is the main activity of the Company.

The Company does not consider it exists significant operating segments that needs to be presented in accordance with IFRS 8 Operating segments.

3. OTHER REVENUES AND OTHER EXPENSES

3.1. Other operating revenues

In the table below other operating revenues are being detailed depending on their nature:

	2015	2014
Other operating revenues :		
Waste recovery revenues	-	147.431
Profit from disposal of fixed assets	9.000	51.560
Other revenue	116.862	291.944
Total	125.862	490.935

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3.2. Expenses for third-party services

In the table below expenses for third party services are being detailed depending on their nature:

	Report period completed on December 31 st 2015	Report period completed on December 31 st 2014
Royalties and rental expenses	225.697	341.166
Bank commissions and similar charges	79.570	100.169
Insurance premiums	368.190	284.097
Commissions and fees	153.330	121.925
Maintenance and repair expenses	735.325	1.617.877
Postage and telecommunications	121.239	143.777
Travel expenses	985.653	3.330.577
Entertaining, promotion and advertising	20.785	44.295
Other third party services, from which:	7.757.202	10.359.935
Security services	865.998	770.806
Externalised activities services	712.932	822.316
Consultancy and audit	231.519	213.906
Management services	3.860.219	6.710.713
Goods transportation services	1.390.748	1.153.266
Others	695.786	688.929
Total	10.446.990	16.343.818

The weight of these expenses in the structure of the operating costs is specific to the main activity, regarding the service delivery at the headquarters of the beneficiaries with auto type equipment.

3.3. Other operating expenses

In the table below other operating expenses are being detailed depending on their nature:

	Report period completed on December 31 st 2015	Report period completed on December 31 st 2014
Compensations, fines, penalties	1.900.461	82.419
Sponsorship	136.245	234.163
Other operating expenses – employee's benefits	276.386	342.203
Other operating expenses	90.855	23.818
Total financial expenses	1.560.437	991.107

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4. FINANCIAL EXPENSES AND REVENUES

4.1 Financial revenues

	2015	2014
Interest income, from which:	1.954.257	1.914.377
Income obtained from the entities within the group	1.919.683	1.750.617
Income from exchange rate differences	1.326.237	991.644
Other financial income, from which:	0	21.626
Income from selling financial assets	0	21.626
Financial income Total	3.280.494	2.927.646

4.2 Financial expenses

	2015	2014
Value adjustments regarding the financial assets, as follows:	(43.508)	43.508
Expenses	68.138	43.508
Revenue	111.646	-
Expenses from exchange rate differences	1.603.945	944.104
Other financial expenses, from which:	-	3.495
Expenses from selling financial assets	-	3.495
Total financial expenses	1.560.437	991.107

5. EXPENSES WITH THE BENEFITS OF THE EMPLOYEES

The expenses with salaries and taxes, recorded during 2015 and 2014 are as follows:

	Fiscal year completed on December 31 st 2015	Fiscal year completed on December 31 st 2014
Expenses related to salaries and allowances	17.444.267	20.676.988
Expenses related to the social insurances	1.090.389	1.291.484
Contributions to the savings fund for retirement	2.670.552	3.950.253
Total	21.205.208	25.918.725

Starting with April, the implementation of a reorganisation programme consisted mainly into the start of phased restructuring process for 76 jobs. At the same time, cost reduction measures included a component of temporary reduction of labour week starting with June. In the reporting period, the number of employees decreased from 326 persons to 260 persons.

The average number of employees has evolved as follows:

	Fiscal year completed on December 31 st 2015	Fiscal year completed on December 31 st 2014
Management personnel	3	4
Administrative personnel	24	30
Production personnel	216	294

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The Administrators and Managers

During 2015, the company has paid the following allowances to the members of the Board of Directors and to the directors:

	Fiscal year completed on December 31 st 2015	Fiscal year completed on December 31 st 2014
The Members of the Board of Directors	307.862	239.489
Directors	1.369.045	1.449.951
Total	1.676.907	1.689.440

On December 31st 2015, the company has had no obligations regarding the payment of the retirement money to the former members of the Board of Directors and of the executive management.

At the end of 2015, the company had no advance payments to be reimbursed to the members of the executive management and there were also no guarantees of future obligations taken over by the company under the name of the Managers or Administrators.

6. INCOME TAX

Main components of income tax expenses for fiscal years ended as of 31 December 2015 and 2014 are:

Statement of profit and loss:

	2015	2014
<i>Current income tax:</i>		
Expenses regarding the current income tax	0	2.761.357
<i>Deferred income tax:</i>		
For the initial registration and continuation of the temporary differences	801.159	(1.216.974)
Expenses regarding the income tax reported in statement of total comprehensive income	801.159	1.544.383

Reconciliation between the expenses regarding the current income tax and the deferred income tax and the accounting profit is as follows for fiscal years 2015 and 2014:

	2015	2014
Accounting result before tax	(28.821.480)	10.401.128
At Company's statutory income tax rate of 16% (2014: 16%)	(4.611.437)	1.664.180
Effect of value adjustments from non-taxable incomes	1.380.668	472.790
<i>Non-deductible expenses for tax computation:</i>		
Depreciation of current assets	5.141.918	1.642.172
Depreciation tangible assets	566.400	
Other non-deductible expenses	82.950	171.145
Reinvested profit	-	9.188
Fiscal credit	-	234.163
Effect of fiscal loss carried forward	200.837	-
Expenses with current income tax at effective rate 0% (2014: 26,5%)	0	2.761.357
Expenses with income tax reported in statement of profit and loss	0	2.761.357

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Deferred income tax

The deferred income tax refers to the following:

	The statement of the financial position		Profit and Loss Statement	
	12/31/2015	12/31/2015	2015	2014
The revaluation of assets at cost with reserve transfer in the retained earnings	(960.424)	(1.002.597)	(42.173)	(113.744)
Recognition of the estimates bonuses for the participation of the employees to the profit	-	111.584	111.584	(46.474)
Recognition of estimates for retirement benefits	56.114	160.616	104.502	(4.341)
Recognition of estimate for commercial litigation	-	265.430	265.430	-
Recognition of estimate for restructuring cost	115.511	-	(115.511)	16.003
Recognition of estimate for outstanding vacation days	454	454	-	(343)
Temporary adjustment receivables	525.272	1.002.599	477.327	(84.027)
Expenses regarding /(income from) the deferred tax			801.159	(1.216.974)
Assets regarding the deferred tax	697.351	1.540.683		
Liabilities regarding the deferred tax	(960.424)	(1.002.597)		
Assets / (Liabilities) regarding the deferred tax, net	(263.073)	538.087		

The Company recorded a fiscal loss in amount of 1.255.230 lei in the fiscal year ended as of 31 December 2015 (2014: 0 lei), which is available for 7 years to be compensated with future taxable profits of the Company. The Company had no fiscal losses brought forward as of 31 December 2015.

It was not recognised assets regarding deferred tax corresponding to fiscal loss from 2015, because the Company considered more prudent to wait for positive changes in the activity filed of the Company before recognising such assets. If the Company would recognise assets regarding deferred tax unrecognised with the fiscal loss recorded in 2015, the net loss of the Company will diminish with 200.837 lei.

7. Earnings per share

The value of earning per share is calculated by dividing the net profit of the year attributable to shareholders by the weighted average number of shares outstanding during the period. The following report present the net profit and the number of shares used in computing earnings per share:

	At 31.12.2015	At 31.12.2014
Net result attributable to shareholders	(29.622.639)	8.856.745
Weighted average number of shares	278.190.900	278.190.900
Earnings per share	(0,11)	0,03

The Company did not recorded issue or cancellation of shares between the date of the report and the date of the presentation of the financial statements.

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8. TANGIBLE ASSETS

	Land	Buildings and special constructions	Technical equipment and machinery and other tangible assets	Tangible assets in progress	Total
Cost or evaluation					
On January 1st 2014	5.585.846	6.197.479	94.041.103	2.132.017	107.956.445
Additions	-	221.294	2.543.095	5.387.587	8.151.976
Disposals and transfers	-	37.307	679.119	2.764.389	3.480.815
On December 31st 2014	5.585.846	6.381.466	95.905.078	4.755.215	112.627.606
Additions	-	335.187	4.776.551	2.057.176	7.168.914
Disposals and transfers	-	-	3.027	5.111.738	5.114.765
On December 31st 2015	5.585.846	6.716.653	100.678.603	1.700.653	114.681.755
Depreciation and impairment					
On January 1st 2014	-	1.217.908	55.491.099	-	56.709.007
Depreciation charge for the year	-	360.475	9.014.960	-	9.375.435
Disposals	-	21.541	673.055	-	694.596
Impairment	-	(6.042)	38.482	-	32.440
On December 31st 2014	-	1.550.799	63.871.486	-	65.422.284
Depreciation charge for the year	-	333.426	7.476.770	-	7.810.196
Disposals	-	-	3.027	-	3.027
Impairment	-	-	3.540.000	-	3.540.000
On December 31st 2015	-	1.884.224	74.885.229	-	76.769.454
Net accounting value					
On December 31st 2015	5.585.846	4.832.429	25.793.374	1.700.653	37.912.301
On December 31st 2014	5.585.846	4.830.668	32.033.593	4.755.215	47.205.321
On January 1st 2014	5.585.846	4.979.572	38.550.004	2.132.017	51.247.439

Out of the projects put into function during 2015, in amount of 5.111.738 lei, we can mention the following: cementing truck, tractor head, stainless steel tank and other drilling tools. Tangible assets in progress existing in the balance as of 31.12.2015, in amount of 1.700.654 lei, comprise mainly: cement slurry mixer, stainless steel tank and components for upgrading pumping units.

The Company is performing an annual assessment in order to identify potential indicators for impairment of tangible assets, considering specific characteristics of these assets and taking into account estimates of future cash flows generated by the respective assets. In 2015 the Company recorded an impairment in amount of 3.540.000 lei for technological equipment used under their full capacity. The fair value of this equipment was determined based on discounted cash flows estimated to be generated by the assets.

All presented tangible assets are the property of the company.

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9. INVESTMENT PROPERTIES

The company has an apartment block in Câmpina and two apartments in Timișoara, held with the exclusive target to obtain income from rents. These are being classified as investment properties.

	2015	2014
Initial balance on January 1 st	581.622	600.225
Depreciation expenses	(18.610)	(18.603)
Final balance on December 31st	563.012	581.622

	2015	2014
Income from rents obtained from real estate investments	39.904	51.644
Direct operational expenses (including repairs and maintenance) which generate income from rents	(28.764)	(29.836)
Net profit resulted from real estate investments registered at costs	11.140	21.808

The fair value of the investment properties as of 31 December 2015 and 2014, are based on the evaluation performed at 31 December 2013 by Societatea Generala a Expertilor Tehnici S.A, a certified independent evaluator. The evaluation model applied was in compliance with the one recommended by Committee for International Evaluation Standards. In 2015 and 2014, the real estate market in which the properties are located didn't varied significantly in order to impact their fair value.

10. INTANGIBLE ASSETS

	Patents and licences	Intangible assets in progress	Total
Costs			
On January 1 st 2014	604.368	18.132	622.500
Additions	-	(157)	(157)
On December 31st 2014	604,368	17,975	622,343
Additions	17.975	-	17.975
On December 31st 2015		(17.975)	(17.975)
Amortisation and impairment			
On January 1 st 2014	591.533	-	591.533
Amortisation	10,374		10,374
On December 31st 2014	601.907		601,907
Amortisation	2.995		2.995
On December 31st 2015	604.902		604.902
Net accounting value			
On December 31st 2015	17.441	-	17.441
On December 31st 2014	2.461	17,975	20.435
On January 1st 2014	12.835	18.132	30.967

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11. FINANCIAL ASSETS

Name of the company	Nature of the relationship	Year of investment	Percent detained on		Value of the investment on	
			31.01.2014	31.12.2015	31.12.2014	31.12.2015
Romp petrol Logistics S.R.L.	Long term investment	2002/2003/2007	6,98%	6,98%	5.580.056	5.580.056
Romp petrol Rafinare S.A.(*	Long term investment	2003/2004	0,05%	0,05%	944.700	944.700
Romp petrol Drilling S.R.L.	Long term investment	2014	1%	1%	100	100
Adjustment for value					(43.508)	-
Total					6.481.348	6.524.856

(* Company listed on Bucharest Stock Exchange under RRC symbol.

The investment on Rompetrol Logistics S.R.L. is presented at cost since the accuracy of presentation at fair value for this unlisted company would have been influenced by a series of elements hard to quantify.

Adjustments for the value loss at Rompetrol Rafinare S.A.	
On January 1 st 2014	-
Constituted	43.508
Used during the year	-
On December 31 st 2014	(43.508)
Constituted	68.138
Used during the year	(111.646)
On December 31 st 2015	-

The evaluation at fair value of the titles held in the Bucharest Stock Exchange listed company under symbol RRC, for which the evolution of the adjustment has been presented has had an impact over the profit and loss account. The evaluation was made using the share price published by BSE on its web page on the last transaction day from 2015. See note 4: "Expenses and financial income"

12. OTHER FINANCIAL ASSETS

	As of 31.12.2015	As of 31.12.2014
Collateral account for guarantee letters with maturity over one year	3.822.670	3.092.814
Specific accounts for other	41.797	
Long term receivable Oilfield Exploration Business Solutions S.A.(*		31.645.237
Value adjustment for long term receivable Oilfield Exploration Business Solutions S.A.		(5.526.227)
Other financial assets	3.864.467	29.211.824

(*Romp petrol S.A. has changed its name since June 2015 in Oilfield Exploration Business Solutions SA

The details on the structure of collateral account with maturity over one year can be found on note 22, and the details on Oilfield Exploration Business Solutions S.A.'s long term receivable on note 14.

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13. INVENTORIES

		Raw materials and consumables	Finished products and goods	Total
On January 1st 2014	Inventories, net	6.156.838	14.619	6.171.457
	Cost	6.080.761	4.024	6.084.784
	Adjustments	1.068.140	-	1.068.140
On December 31st 2014	Inventories, net	5.012.621	4.024	5.016.645
	Cost	5.393.505	-	5.393.505
	Adjustments	1.238.602	-	1.238.602
On December 31st 2015	Inventories, net	4.154.903	-	4.154.903

The inventories mainly contain spare parts for special equipment, cement and additives. Because for some of the items, the procurement would mean a relatively long period of time until taking over, the company has chosen, for technical and operative reasons in the relationship with its customers, to optimize the lots on some items at procurement, accepting that these are being partially held for a period of time longer than one year. So the presented adjustments are result of the lack of movement within more than one year, the respective inventories not having time relational validities and being still usable.

	Adjustments for inventories depreciation
On January 1st 2014	594.356
Constituted	507.801
Used during the year	(23.934)
Exchange rate differences	(10.083)
On December 31st 2014	1.068.140
Constituted	478.573
Used during the year	(84.971)
Exchange rate differences	(223.140)
On December 31st 2015	1.238.602

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14. TRADE AND OTHER RECEIVABLES

	On December 31 st 2015	On December 31 st 2014
Trade receivables - third parties	15.793.835	26.079.451
Trade receivables with affiliated entities	34.577.179	3.960.266
Value adjustments for trade receivables – third parties	(3.901.539)	(2.270.215)
Value adjustments for trade receivables – affiliated entities	(28.852.046)	
Total trade receivables, net	17.617.428	27.769.503
Amounts to be received from entities within the group, of which	58.309.243	52.276.097
Short term lending	34.404.558	34.424.347
Cash pooling receivables	23.894.477	17.828.657
Other receivables	10.208	23.092
Other receivables – third parties	1.292.035	1.365.454
Other receivables with the affiliated entities	259.214	102.209
Value adjustments for other receivables – third parties	(593.012)	(482.120)
Value adjustments for other receivables – affiliated entities	(36.981)	
Total other receivables, net	921.256	985.543
Total receivables, net	76.847.927	81.031.142

At the end of 2014, it was implemented an optimisation system for the cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. Cash pooling system was implemented in relation to cash availability from certain bank accounts of the Company, and the direct effect will be transposed to the optimisation of cash for the company, with impact in the interest income. According to the cash pooling system, in terms of assets presentation, the amounts available at the end of the reporting period will be reflected as receivables. During the reporting period, the average balance of master account was 20.803.331 lei, generating interest in amount of 568.501 lei. The value of these receivables as of 31 December 2015 was in amount of 23.894.477 lei.

For the year 2014, according IAS 39, the receivable with Oilfield Exploration Business Solutions S.A. was partially reclassified between long term and short term, and for the long term amount the Company computed an update (present value) as of 31.12.2014, which can be found in note 12.

For the year 2015, the receivable with Oilfield Exploration Business Solutions S.A. was adjusted at recoverable amount in accordance with the provisions of the contract submitted to the Electronic Archive for Security Interests in Movable Property, detailed in note 22.

Trade receivables are usually regularised within 30 to 90 days.

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In the table below, there are detailed the movements within the provision for the impairment of the receivables:

	Individually impaired	Collectively impaired	Total
On January 1st 2014	172.686	1.964.559	2.137.245
Transfer between category	295.696	(295.696)	-
Charge for the year	-	1.626.802	1.626.802
Unused amounts, reversed	-	(995.816)	(995.816)
Exchange rate differences	-	(15.896)	(15.896)
On December 31st 2014	468.382	2.283.953	2.752.335
Transfer between category	1.041.431	(1.041.431)	-
Charge for the year	30.627.144	309.330	30.936.474
Unused amounts, reversed	-	(9.205)	(9.205)
Exchange rate differences	-	(296.025)	(296.025)
On December 31st 2015	32.136.957	1.246.621	33.383.579

On December 31st, the aging analysis of the receivables is as follows:

	Total	Current, not impaired	Overdue, net of impairment				
			< 30 days	30-60 days	61-90 days	91-180 days	> 180 days
2015	76.847.927	69.495.047	953.884	74.258	143.865	358.821	5.822.051
2014	81.031.142	74.690.017	1.615.397	665.171	260.974	831.271	2.968.311

15. OTHER CURRENT ASSETS

	On December 31 st 2015	On December 31 st 2014
Advance expenses for car insurances	75.249	59.036
Advance expenses for <i>rovigneta</i>	90.383	105.984
Advance expenses for CNCAN authorisations, transportation licenses, subscriptions, others	25.146	76.210
OTHER CURRENT ASSETS TOTAL	190.778	241.230

The values represent the payments carried out during the current year, for costs which affect the next financial year in accordance with the validity period for the insurances, authorisations, licenses, subscriptions.

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16. CASH AND DEPOSITS

	2015	2014
Bank accounts in lei	1.211	8.074
Bank accounts in foreign currency	14.590	24.886
Short term deposits in lei	767.232	1.162.665
Short term deposits in foreign currency	339.886	205.112
Collateral accounts for letters of guarantee with maturity under one year	2.652.288	4.613.550
Specific accounts regarding performance bonds, other guarantees	26.935	40.053
Petty cash in lei	6.456	2.988
Petty cash in foreign currency	8.613	12.212
Total cash and short term deposits	3.817.211	6.069.540
Collateral deposits with maturity over one year	3.864.467	3.092.814
Total cash and cash equivalents at fiscal year end	7.681.778	9.162.354

The cash in banks records interests at variable rates, depending on the daily rates of the deposits in banks. The short term deposits are being constituted for periods of one day and records interests for the respective rates of the short term deposits.

The service providing contracts concluded with our main customers contain clauses referring to creation of performance guarantees through a guarantee granting instrument issued under the provisions of the law, by a bank or insurance company, i.e. Letters of Bank Guarantees.

Collateral deposits with maturity over one year were presented as Other financial assets. The value of this deposits for letter of guarantees at December 31st, 2015 is 3.822.670 lei. Collateral deposits are detailed in note 22.

In note 14 it is presented the details regarding the company's participation for the year 2015 to the system for optimisation of cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. The amount available in the principal account as of 31 December 2015 was 23.842.765 lei, being ready to use without restriction, depending on the necessity.

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17. SHARE CAPITAL

17.1. Subscribed share capital

The last modification of the share capital has been in 2008, when the shareholders have decided, after the general meeting which has taken place on June 20th 2008, to increase the share capital of the company by the amount of 13,909,545 lei, from 13,909,545 lei up to 27,819,090 lei, through issuing, for free, of a number of 139,095,450 new shares with a nominal value of 0.10 lei/share.

The new issued shares have been allocated for the shareholders registered under the Shareholders' Registry at the date of the registration, approved by the Extraordinary Meeting of the Shareholders, respectively July 8th 2008, proportional to the amounts held by each of them. The allocation index has been 1. The issuing of shares has been financed from the reserves of the result carried forward of the financial year 2007, respectively from the amount allocated to Other reserves.

The finalisation of the procedural phases for approval and recognition has been officially signalled through the repetition of the transacting of the shares, after the increase of the social capital, on September 18th 2008, without undergoing modifications until December 31st 2015.

	Balance on December 31 st 2015	Balance on December 31 st 2014
	Number	Number
Subscribed capital, ordinary shares	278,190,900	278,190,900
	RON	RON
Nominal value, ordinary shares	0,1	0,1
	RON	RON
Value of the share capital	27,819,090	27,819,090

The share capital of the company is totally paid in on December 31st 2015.
The Company is listed under the Bucharest Stock Exchange under the symbol PTR.

17.2. The adjustment of the share capital

According to the IAS 29 provisions, the company has adjusted the costs of its purchased investments until December 31st 2003 with the purpose of reflecting the accounting impact in the hyperinflation. The value of the share capital has been increased at December 31st, 2012 by 166,740,745 RON. This adjustment had no impact over the carried forward distributable profit of the company. In 2013, the general ordinary meeting of shareholders on April 30, 2013 approved to cover the brought forward accounting loss from first application of IAS 29 "Financial Reporting in Hyperinflationary Economies" in amount of 166.002.389 lei, from own capitals, i.e. "adjustment of share capital". The effect of this decision for the structure of share capital on December 31st, 2014, as well as on December 31st, 2015 and is presented in the table below:

	On 31.12.2015	On 31.12.2014	On 31.12.2013
Share capital, from which:			
Paid in share capital	28.557.446	28.557.446	28.557.446
The adjustment of the share capital	27.819.090	27.819.090	27.819.090
	738.356	738.356	738.356

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18. PROVISIONS

	Provisions for the participation of the employees to the profit (short term)	Provisions for restructuring (short term)	Provisions for litigations (long term)	Other Provisions for risks and expenses (long term)	Total
On January 1st 2014	900.000	-	75.613	1.287.659	2.263.272
Constituted	697.398		1.658.934		2.356.332
Used during the year	(900.000)		(75.613)	(840.000)	(1.815.613)
On December 31st 2014	697.398	-	1.658.934	447.659	2.803.991
Constituted	-	721.941		696	722.637
Used during the year	(696.702)		(1.658.934)	-	(2.355.636)
Reclassified	(696)				(696)
On December 31st 2015	-	721.941	-	448.355	1.170.296

The provision for the participation of the personnel to the profit shall be recognised according to the regulations of the collective labour contract of the company, which stipulates that the administration shall annually propose to the Board of Directors, depending on the performance criteria carried out, within the limit of 10% from the net profit for the year, granting awards to the employees.

The Company recognised a provision in amount of 1.658.934 RON for a commercial litigation with a branch customer, being levelled at the payable amount included in the court decision dated March 5th, 2015. During the reporting period, payment under the court order was made and therefore, the provision was fully reversed.

The provision for restructuring recognised in 2015 in amount of 721.941 lei, was determined by taking into consideration the number of employees for which the notice of dismissal had not expired on December 31st, 2015, as well as the provisions of the Collective Labour Agreement.

Other provisions for risks and expenses in amount of 448.355 lei represents an estimate of the expenses related to operational and legal disestablishment of Kazakhstan Branch.

19. OTHER POST EMPLOYMENT BENEFITS

	Liabilities regarding the benefits of employees
On January 1st 2014	909.452
Constituted	94.399
Used during the year	-
On December 31st 2014	1.003.851
Constituted	-
Used during the year	(653.137)
On December 31st 2015	350.714

The liabilities regarding pensions and other similar obligations have been determined depending on the provisions of the collective labour contract of the company, which stipulates the payment of a

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number of salaries to each employee at retirement, depending on the period of employment. The amount for the provision for benefits to be granted at retirement of 350.714 lei has been determined in 2015, according to the method of the credit factor, planned on the basis of an internal calculation, using the actuarial model. The management has taken into consideration for carrying out the calculation, mainly the fluctuation of the salaries, the age of the employees, the estimated mortality rate, the estimated salary costs evolution, discount rates. The provision has been determined by the company and has been updated in the sense of the decrease by 653.137 lei.

The hypotheses according to which the actuarial calculation of the provision regarding the benefits at retirement has been made:

	31.12.2015	31.12.2014
Rate of personnel exits, estimated up to the retirement date	27.54%	0%
The turnover of the personnel in one year	11.75%	3.75%
The mortality rate for the current year	1.14%	1.20%
The contribution of the company to the gross salary	24.00%	29.00%
The inflation rate of the salary	1.03%	2.01%
The nominal discounting rate (the interest rate for governmental bonds)	3.69%	3.60%
The real discounting rate	2.66%	1.59%

20. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	On December 31 st 2015	On December 31 st 2014
Trade payables - third parties	1,989,635	3,806,612
Trade payables with affiliated entities	555,334	2,013,620
Advance payments and deferred income	118,933	328,966
Salaries	1,051,500	1,348,562
Dividends to be paid	3,226,420	2,924,728
Taxes	1,339,336	1,865,201
Other liabilities	63,268	70,649
TOTAL	8,344,426	12,358,338

21. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 31 December 2015:

Name of the company	Transaction type	Country of origin	Headquarters
Romp petrol Rafinare S.A.	Loans granted	Romania	Năvodari, Bulevardul Năvodari nr. 215, Pavilion Administrativ, Județul Constanța
Romp petrol Logistics S.R.L.	Procurement of spare parts, rental services, ITP services	Romania	Ploiesti, Str. Basarabilor Nr. 7
Oilfield Exploration Business Solutions S.A. (*)	Render of services, rental of premisses, ITP services	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 6, sector 1, București

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Romp petrol Downstream S.R.L.	Procurement of fuel, GPS services	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 2, sector 1, București
KMG Rompetrol S.R.L. (*	Management and IT services, cash pooling services, rental of premises	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 5, camera 2, sector 1, București
Romp petrol Financial Group S.R.L.	Mediate sell of shares	Romania	Bucuresti, Piata Presei Libere nr. 3-5, City Gate Northern Tower, Etaj 5, Camera 3, Sector 1
KazMunayGas International NV (*	Payments of dividends	Holland	Amsterdam, Strawinskyiaan 807, turn A-8,
Romp petrol Gas S.R.L.	Car rental	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 5, sector 1, București
Romp petrol Drilling S.R.L.	Rental of premises, procurement of capital goods	Romania	Str. Clopotei, nr 2bis, cladirea C61, birouri administrative, Ploiesti
Ecomaster Servicii Ecologice S.R.L.(**	Rental of premises, environmental services	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 4, camerele 6-9, sector 1, București

(* Starting with March 6th, 2014 the following names were modified: The Rompetrol Group NV is renamed KazMunayGas International NV and The Rompetrol Group Corporate Center S.R.L. is renamed KMG Rompetrol S.R.L. starting with June 2015, Rompetrol S.A. is renamed Oilfield Exploration Business Solutions SA

(** Starting with Jun 12, 2014, Ecomaster Servicii Ecologice S.R.L. was sold by KazMunaiGas International Group and is no longer an affiliated party for the Company.

Loan contracts with Rompetrol Rafinare S.A.	Principal	Interest	Total
On January 1st 2014	24.600.000	110.153	24.710.153
1CI/September 09 th 2008	13.000.000	58.211	13.058.211
2CI/October 14 th 2008	7.000.000	31.344	7.031.344
3CI/November 04 th 2008	3.100.000	13.881	3.113.881
CI/April 28 th 2010	1.500.000	6.717	1.506.717
On December 31st 2014	34.300.000	124.347	34.424.347
1CI/September 09 th 2008	13.000.000	47.129	13.047.129
2CI/October 14 th 2008	7.000.000	25.377	7.025.377
3CI/November 04 th 2008	3.100.000	11.238	3.111.238
CI/April 28 th 2010	11.200.000	40.603	11.240.603
On December 31st 2015	34.300.000	104.558	34.404.558
1CI/September 09 th 2008	13.000.000	39.628	13.039.628
2CI/October 14 th 2008	7.000.000	21.338	7.021.338
3CI/November 04 th 2008	3.100.000	9.450	3.109.450
CI/April 28 th 2010	11.200.000	34.141	11.234.141

All the above mentioned loans are being guaranteed with promissory notes and have been extended automatically on successive periods of time, in the situation that none of the parties has denounced the contract in writing, within maximum 3 days before the due date. Beginning June 1st 2011, there shall be applied an interest at the level of ROBOR 3M + 2.5% for all contracts.

The loans granted to Rompetrol Rafinare S.A. are included in the Statement of Financial Position within "Trade and other receivables", also detailed in Note 14.

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Receivables

	Balance on December 31 st 2015	Balance on December 31 st 2014
Romp petrol Rafinare S.A.	34,404,558	34.424.347
Romperol Logistics S.R.L.	109,452	52.467
Oilfield Exploration Business Solutions S.A.**)*)	5.725.000	30.079.010
Romp petrol Drilling S.R.L.	105,504	43.582
KMG Romp petrol S.R.L.	23,900,937	17,835,084
KMG Engineering	-	13.172
Romp petrol Financial Group SRL	10.208	9.920
Romp petrol Gas S.R.L.	950	-
Total	64.256.609	82.457.582

*)Starting with June 2015 Romp petrol S.A. has changed its name to Oilfield Exploration Business Solutions SA

**) Oilfield Exploration Business Solutions S.A.'s receivable from year 2014 in net amount of 30.079.010 lei also include the long term receivable in net amount of 26.119.010 lei. Oilfield Exploration Business Solutions S.A. receivable in 2015 represent the recoverable amount (see note 14)

Liabilities

	Balance on December 31 st 2015	Balance on December 31 st 2014
Romp petrol Logistics S.R.L.	6,051	8.385
Romp petrol Downstream S.R.L.	461,017	858.855
KMG Romp petrol S.R.L.	88,265	1.145.572
Romp petrol Rafinare S.A.	-	809
Total	555.334	2.013.620

Sales

	Fiscal year completed on December 31 st 2015	Fiscal year completed on December 31 st 2014
Romp petrol Rafinare S.A.	1.351.412	1.639.368
Romp petrol Logistics S.R.L.	95.399	77.103
Oilfield Exploration Business Solutions S.A.)*	47.872	59.001
Romp petrol Drilling S.R.L.	49.937	35.147
KMG Romp petrol S.R.L.	575.437	118.336
Romp petrol Gas S.R.L.	9.194	9.194
Ecomaster Servicii Ecologice S.R.L.	-	4.244
Total	2.129.250	1.942.393

*)Starting with June 2015 Romp petrol S.A. has changed its name to Oilfield Exploration Business Solutions SA

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Acquisition of goods and services

	Fiscal year completed on December 31 st 2015	Fiscal year completed on December 31 st 2014
Rompetrol Logistics S.R.L.	5.324	5.325
Rompetrol Downstream S.R.L.	3.676.731	5.518.802
KMG Rompetrol S.R.L.	750.109	824.739
Rompetrol Rafinare S.A.	1.956	7.825
Rompetrol Quality Control	77	-
Ecomaster Servicii Ecologice S.R.L.	-	4.745
Total	4.434.198	6.361.436

Managerial expenses

	Fiscal year completed on December 31 st 2015	Fiscal year completed on December 31 st 2014
KMG Rompetrol S.R.L.	3.860.219	6.710.713
Total	3.860.219	6.710.713

22. COMMITMENTS AND CONTINGECIES

There are no commitments for the acquisition of property, plant and equipment as of 31 December 2015 or as of 31 December 2014..

Starting with September 2013, the Company concluded an operational leasing contract for 5 vehicles, for 48 months, the contract totalising 70.479,36 EUR.

Guarantees to third parties

The service providing contracts concluded with our main customers (OMV PETROM and ROMGAZ SA) contain clauses referring to referring to creation of performance guarantees through a guarantee granting instrument issued under the provisions of the law, by a bank or insurance company, i.e. Letters of Bank Guarantees.

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The detail of the collateral accounts on December 31st 2015 for the Letters of Bank Guarantee is enclosed in the table below:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
LG/00888-02-0137859	FORAJ SONDE SA VIDELE	EUR	15,248	31-Dec-15	EUR	15,248
10248	S.N.G.N. ROMGAZ S.A.	RON	235	17-Jan-16	RON	235
3	S.N.G.N. ROMGAZ S.A.	RON	784	28-Jan-16	RON	784
LG/00888-02-0160430	S.N.G.N. ROMGAZ S.A.	RON	84,020	15-Apr-16	RON	84,020
LG/00888-02-0004225	OMV PETROM S.A. PETROFAC	EUR	180,980	21-Apr-16	EUR	180,980
LG/00888-02-0086850	SOLUTIONS&FACILITIES SUPPORT SRL	EUR	452,450	1-Jun-16	EUR	452,450
LG/00888-02-0157685	S.N.G.N. ROMGAZ S.A.	RON	562,240	15-Jul-16	RON	562,240
LG/PB13003544	OMV PETROM S.A.	EUR	1,357,350	12-Aug-16	EUR	1,357,350
10187	S.N.G.N. ROMGAZ S.A.	RON	25,916	19-Dec-16	RON	25,916
Total short term collateral deposits						2,679,220
LG/00888-02-0000808	OMV PETROM S.A.	EUR	452,450	15-Jan-17	EUR	452,450
LG/00888-02-0032935	OMV PETROM S.A.	EUR	2,262,250	28-Feb-17	RON	2,465,320
LG/00888-02-0130320	OMV PETROM S.A.	EUR	904,900	28-Feb-18	EUR	904,900
Total long-term collateral deposits						3,822,670

The collateral accounts on December 31st 2014 had the following components:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
LG/00888-02-0064605	S.N.G.N. ROMGAZ S.A.	RON	94.900	10-Jan-15	RON	94.900
LG/00888-02-0016506	OMV PETROM S.A.	EUR	2.016.945	28-Feb-15	EUR	2.016.945
LG/00888-02-0065463	OMV PETROM S.A.	EUR	403.389	28-Feb-15	EUR	403.389
LG/00888-02-0086869	S.N.G.N. ROMGAZ S.A.	RON	91.500	8-Apr-15	RON	91.500
LG/00888-02-0000808	OMV PETROM S.A.	EUR	448.210	15-Apr-15	EUR	448.210
LG/00888-02-0072348	S.N.G.N. ROMGAZ S.A.	RON	84.100	5-May-15	RON	84.100
LG/PB13003544	OMV PETROM S.A.	EUR	1.344.630	12-Jul-15	EUR	1.344.630
LG/00888-02-0095396	S.N.G.N. ROMGAZ S.A. PETROFAC	RON	96.042	15-May-15	RON	96.042
LG/00888-02-0094093	SOLUTIONS&FACILITIES SUPPORT SRL	RON	33.834	1-Oct-15	RON	33.834
Total short term collateral deposits						4.613.550
LG/00888-02-0004225	OMV PETROM S.A. PETROFAC	EUR	179.284	21-Apr-16	EUR	179.284
LG/00888-02-0086850	SOLUTIONS&FACILITIES SUPPORT SRL	EUR	448.210	1-Jun-16	EUR	448.210
LG/00888-02-0032935	OMV PETROM S.A.	EUR	2.241.050	28-Feb-17	RON	2.465.320
Total long-term collateral deposits						3.092.814

Received guarantees

January 2012, the contract no. RWS 03/2011, regarding Security Interests in Movable Property granted by SC Oilfield Exploration Business Solutions S.A. for the total value of 9,539,048 lei has been entered in the Electronic Archive for Security Interests in Movable Property.

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Transfer price

Fiscal legislation in Romania includes the principle of "market value", according to which transactions between affiliated parties must be conducted at market value. Taxpayers which conduct transactions with affiliated parties must prepare and readily present to Romanian fiscal authorities at their written demand the transfer price file. The failure to present the transfer price file or the presentation of an incomplete file may lead to application of penalties for nonconformity; in addition to the content of the transfer price file, the fiscal authorities might interpret differently the transactions and circumstances than the interpretation of management and, as a consequence, might impose additional fiscal obligations resulting from adjustment of transfer prices. The management of the Company is considering that it will not suffer losses in case of a fiscal control for the verification of transfer prices. However, the impact of possible different interpretations of the fiscal authorities can't be estimated.

23. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

- Loans received: the company is not being involved in any loan contract and therefore not exposed to risks regarding the movement of the interest rate.
- Loan granted: for the loans granted presented in note 21, the income from interest varies, depending on ROBOR 3M movement.

Risk of the exchange rate variations

Most of the transactions of the company are in lei. Depending on the case, the structure of the amounts available in cash and the short term deposits are also being adapted. The difference between the entry of the amounts in foreign currency and their repayment cannot generate, through the variation of the exchange rate, significant patrimonial effects.

Foreign currency sensitivity

The following tables demonstrate the sensitivity towards a possible reasonable change (5%) of the exchange rate of the US dollar, EUR and KZT, all other variables being maintained constant. The impact over the profit of the company before taxation is due to the modifications of the real value of the assets and monetary debts. The exposure of the company to the foreign currency modifications for any other foreign currency is not significant.

	TOTAL	5%	5%	5%
	RON	USD	EUR	KZT
December 31st 2014				
Total increase	249.358	50.293	170.505	28.560
Monetary assets	314.046	63.599	203.366	47.082
Monetary debts	(64.688)	(13.305)	(32.861)	(18.522)
December 31st 2015				
Total increase	283.647	5.799	224.215	53.633
Monetary assets	346.311	8.147	225.824	112.340
Monetary debts	(62.664)	(2.348)	(1.609)	(58.707)

The credit risk

The company treats the crediting of its customers procedural, with flexibility through the stable contracting strategy as an essential mechanism for the risk repartition. The unfavourable conditions

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of the financial - banking market is also experienced by the customers of the company, but the Management permanently monitors the receivables and their collection.

The market risk

Taking into consideration the structure and continuance of trade contracts, it can be highlighted as important clients S.C. OMV Petrom S.A., S.N.G.N. Romgaz S.A. and AMROMCO ENERGY S.R.L., concentrating around 78% of the total turnover registered for the financial year 2015. The main contracts with S.C. OMV Petrom S.A., S.N.G.N. Romgaz S.A and AMROMCO ENERGY S.R.L. are valid until December 31th 2016, November 26th 2016, respectively April 30th 2016.

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the efficient use of working capital. Approximately 86% of the Company's debt will mature in less than one year at 31 December 2015 (2014: 90%) based on the carrying value reflected in the financial statements. The Company assessed the concentration of risk with respect to exigibility of its debt and concluded it to be low.

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	> 5 years	Total
Trade payables - third parties	460,570	1,529,065	-	-	-	1,989,635
Trade payables with affiliated entities	240,961	314,373	-	-	-	555,334
Advance payments and deferred income	2,054,501	-	-	-	1,171,919	3,226,420
Salaries	63,268	-	-	-	-	63,268
Total year 2015	2,819,300	1,843,438	-	-	1,171,919	5,834,657

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	> 5 years	Total
Trade payables - third parties	481,275	3,325,336	-	-	-	3,806,611
Trade payables with affiliated entities	440,022	1,573,598	-	-	-	2,013,620
Advance payments and deferred income	1,752,809	-	-	-	1,171,919	2,924,728
Salaries	70,649	-	-	-	-	70,649
Total year 2015	2,744,755	4,898,934	-	-	1,171,919	8,815,608

24. THE EVENTS SUBSEQUENT TO THE REPORTING PERIOD

All loan contracts with S.C. Rompetrol Rafinare S.A. were automatically extended on the due date, with the same period and under the same conditions. At the moment of the financial statements, these loans continue to be granted with an interest ROBOR 3M + 2,5% applied for all the contracts.

The General Ordinary Meeting of the Shareholders shall decide on April 28th 2016 to cover the 2015 accounting loss from reserves created from retained earnings of previous years.