

ROMPETROL WELL SERVICES S.A.
STAND-ALONE FINANCIAL STATEMENTS

Prepared in accordance with the **Order of the Minister of Public Finance no. 1286/2012**
As of 30 September 2014

ROMPETROL WELL SERVICES S.A.
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As of 30 September 2014

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

CONTENTS

	Page
Profit and loss statement	3
Statement of the financial position	4
Statement of changes in equity	5
Statement of cash flow	6
Notes to the financial statements	7

ROMPETROL WELL SERVICES S.A.
PROFIT AND LOSS STATEMENT
For first nine months 2014

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

PROFIT AND LOSS STATEMENT
For first nine months 2014

	Date 30.09.2014	Date 30.09.2013
Net turnover	66.782.609	95.564.094
Services performed	65.919.250	93.941.270
Sales of goods	863.359	1.622.824
Other operating income	307.353	505.873
OPERATING INCOME - TOTAL	67.089.962	96.069.967
Expenses with consumables	(13.328.693)	(22.402.693)
Power and water expenses	(430.886)	(465.643)
Merchandise expenses	(391.689)	(503.987)
Payroll costs, out of which:	(19.877.089)	(20.687.777)
Salaries	(15.715.179)	(16.311.068)
Social security contributions	(4.161.910)	(4.376.709)
Fixed assets value adjustment, of which	(7.255.608)	(8.063.587)
Depreciation	(7.255.608)	(7.326.595)
Current assets value adjustment	(546.502)	1.752.207
Expenses for third-party services	(11.297.979)	(19.389.724)
Taxes, duties and similar expenses	(590.868)	(626.200)
Provision adjustments	900.000	609.536
Other operating expenses	(526.304)	(391.541)
OPERATING EXPENSES - TOTAL	(53.345.618)	(70.169.409)
OPERATING RESULT	13.744.344	25.900.558
Interest income	1.383.526	2.000.982
- of which, revenues from related parties	1.237.970	1.384.283
Other financial income	714.923	933.928
FINANCIAL INCOME – TOTAL	2.098.449	2.934.910
Value adjustments on financial investments	0	252.321
Other financial expenses	(842.817)	(898.889)
FINANCIAL EXPENSES – TOTAL	(842.817)	(646.568)
FINANCIAL PROFIT	1.255.632	2.288.342
GROSS PROFIT	14.999.976	28.188.900
Current and deferred income tax	(2.364.000)	(4.323.000)
NET PROFIT	12.635.976	23.865.900

ROMPETROL WELL SERVICES S.A.
STATEMENT OF THE FINANCIAL POSITION
As at 30 September 2014

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

STATEMENT OF THE FINANCIAL POSITION
As at 30 September 2014

	Date 30.09.2014	Date 31.12.2013
Assets		
Non-current assets		
Tangible assets	44.891.063	51.247.437
Real estate investments	586.273	600.225
Intangible assets	20.736	30.967
Financial assets	6.526.151	6.528.251
Other financial assets	3.082.916	3.363.525
Deferred tax assets	373.882	373.882
Total fixed assets	55.481.021	62.144.287
Current assets		
Inventories	5.496.303	6.171.457
Trade and similar receivables	113.193.173	95.289.073
Other current assets	342.215	229.378
Cash and short-term deposits	7.970.201	17.026.759
Current assets - total	127.001.892	118.716.667
Total assets	182.482.913	180.860.954
Capital and reserves		
Capital		
Share capital, of which:	28.557.446	28.557.446
Subscribed and paid in share capital	27.819.090	27.819.090
Share capital adjustments	738.356	738.356
Legal reserves	5.563.818	5.563.818
Other reserves	100.010.510	80.757.218
Retained earnings	18.330.137	18.330.138
Current result	12.635.976	27.599.019
Total equity	165.097.887	160.807.639
Long-term liabilities		
Provisions	1.363.272	1.363.272
Employee benefits liabilities	909.452	909.452
Deferred tax liabilities	1.052.770	1.052.770
Total long-term liabilities	3.325.494	3.325.494
Current liabilities		
Trade payables and similar liabilities	14.261.532	14.298.916
Corporate tax payable	(202.000)	1.528.905
Provisions	0	900.000
Non current payables - total	14.059.532	16.727.821
Total payables	17.385.026	20.053.315
Total equity and liabilities	182.482.913	180.860.954

ROMPETROL WELL SERVICES S.A.
STATEMENT OF CHANGES IN EQUITY
As at 30 September 2014

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

STATEMENT OF CHANGES IN EQUITY
For the year ended as at 31 December 2013

	Share capital	Legal reserves	Other reserves	Retained earnings	Current result	Total equity: total
Balance as at 1 January 2013	194.559.835	5.563.818	66.855.424	(147.672.251)	21.969.330	141.276.156
Transfer to other reserves	-	-	-	-	-	-
Retained earnings	(166.002.389)		13.901.794	166.002.389	(13.901.794)	-
Result of the period					27.599.019	27.599.019
Dividends					(8.067.536)	(8.067.536)
Balance as at 31 December 2013	28.557.446	5.563.818	80.757.218	18.330.138	27.599.019	160.807.639

STATEMENT OF CHANGES IN EQUITY
As at 30 September 2014

	Share capital	Legal reserves	Other reserves	Retained earnings	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						-
Retained earnings			19.253.292		(19.253.292)	-
Result of the period					12.635.976	12.635.976
Dividends					(8.345.727)	(8.345.727)
Balance as at 30 June 2014	28.557.446	5.563.818	100.010.510	18.330.138	12.635.976	165.097.887

ROMPETROL WELL SERVICES S.A.
STATEMENT OF CASH FLOW

As at 30 September 2014

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

STATEMENT OF CASH FLOWS

Indirect method

Name of item	Financial period	
	Ended as at 30.09.2014	Ended as at 31.12.2013
Cash flows from operating activities:		
Net profit before tax	14.999.976	32.376.873
<i>Adjustments for:</i>		
Depreciation and adjustments related to tangible assets	7.245.534	9.995.996
Depreciation and adjustments related to intangible assets	10.075	47.218
Movements in other provisions, net	(441.219)	(941.668)
Interest income	(1.383.526)	(2.438.145)
Loss / (profit) from tangible asset sales	(15.236)	(175.804)
Operating profit before working capital changes	20.415.603	38.864.470
Decrease / (Increase) of trade and other receivables (*)	(6.785.557)	(24.282.258)
Decrease / (Increase) of inventories	382.211	(1.080.529)
Decrease / (Increase) of trade and other debts	(849.998)	(1.492.846)
Paid income tax	(4.094.905)	(4.774.273)
Net cash flow (used in) generated by operating activities	9.067.354	7.234.564
Cash flows from investments:		
Payments for purchase of tangible assets	(3.004.875)	(5.470.685)
Payments for purchase of intangible assets	(22.289)	-
Tangibles and intangibles sales revenue	37.067	318.573
Received interest	1.344.295	1.799.517
Net cash from investments	(1.645.802)	(3.352.594)
Cash flows from financing activities:		
Financial investment	(100)	
Cash pooling	(12.045.474)	
Dividends paid	(4.713.146)	(5.523.200)
Net cash flows from financing activities:	(16.758.720)	(5.523.200)
Net increase / (decrease) of cash and cash equivalents	(9.337.168)	(1.641.230)
Cash and cash equivalents at the beginning of the financial year	20.390.284	22.031.514
Cash and cash equivalents at the end of the financial year (*)	11.053.116	20.390.284
(**of which :		
Collateral accounts for letters of guarantee with maturity over one year	3.082.916	3.363.525

NOTES TO THE FINANCIAL STATEMENTS

1. INFORMATION ON THE ENTITY

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 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
- Acidisation 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 Rompetrol Group. The annual consolidated financial statements are prepared at the level of the parent company, The Rompetrol Group NV, with the head office located in World Trade Center, Strawinskyalaan 807, Tower A, 8th Floor, 1077 XX, Amsterdam, The Netherlands.

The last parent is the state-owned company of asset management Samruk-Kazyna 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.

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.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

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 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 30 September 2014 were, for RON:

	<u>30 September 2014</u>	<u>31 December 2013</u>
EUR 1	4,4114	4,4847
USD 1	3,5019	3,2551

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>30 September 2014</u>	<u>31 December 2013</u>
USD 1	181,90	153,61

c) Financial instruments

The Company establishes the classification of financial instruments on the date of the initial recognition. All financial instruments are first measured at fair value, according IAS 39.

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.

Financial investments available for sale are recognised at fair value.

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

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014

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

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.

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 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 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

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

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		-Lei-
		Acquisition value	Remaining value at 31.12.2013	Revaluation Value at 31.12.2013
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. 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.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014

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

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 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

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014

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

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 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 with remaining three months or less 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.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014

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

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 transportation services and other services is recognized when services are rendered.
- 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.

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.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014

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

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 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 separate 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

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.

2. THE NET TURNOVER

Please find below an analysis of the revenue for the company for the first nine months:

	Sales 9 months 2014
Service revenue	65.919.250
Revenue from goods sales	863.359
Total	66.782.609

	Sales 9 months 2014
Export	
Europa	766.441
Asia	1.221.011
Export total	1.987.453
Internal market sales	64.795.156
Sales total	66.782.609

A level of activity lower with 28.781.485 lei for the first nine months of 2014 compared with same period of last year, is the result of a decreased level of demand for well services, as well as of the impact of an agent contract performed by the Company in 2013. Total value of services purchased and re-invoiced for last year was in amount of 9.799.463 lei, the contract being finalised by the end of 2013. There were no revenues related to this contract recorded in the first nine months of 2014.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

3. OTHER REVENUE AND OTHER EXPENDITURE

3.1. Other operating revenues

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

	9 months 2014
Other operating revenues :	
Profit from the waste recovery	114.791
Earnings from sale of fixed assets	15.236
Other revenue	177.326
Total	307.353

3.2. Expenses for third-party services

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

	9 months 2014
Royalties and rental expenses	228.454
Bank commissions and similar charges	90.329
Insurance premiums	208.286
Commissions and fees	42.364
Maintenance and repair expenses	1.161.941
Postage and telecommunications	86.153
Travel expenses	2.170.995
Entertaining, promotion and advertising	28.411
Other third party services, from which:	7.281.046
Security services	614.559
Externalised activities services	629.883
Consultancy and auditing	141.096
Management services	4.741.722
Goods transportation services	668.194
Others	485.592
Total	11.297.979

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 equipments.

The evolution is being sustained by the specifics of the orders received from the beneficiaries.

The expenses related to third party services are significantly lower in this period compared with previous year, as a direct effect of completion of 2013 agent contract for the Company, the total value of services purchased last year being in amount of 9.799.463 lei. In the first nine months of 2014 there were no other expenses related to this contract.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

4. FINANCIAL EXPENSES AND REVENUE

4.1 Financial revenue

	9 months 2014
Interest income, from which:	1.383.526
Income obtained from the ICO entities	1.237.970
Income from exchange rate differences	706.747
Other financial income, from which:	8.175
Revenue from sale of financial investment	8.175
Financial income Total	2.098.449

4.2 Financial expenses

	9 months 2014
Expenses from exchange rate differences	840.617
Other financial expenses, from which:	2.200
Cost of financial investment sold	2.200
Total financial expenses	842.817

5. EXPENSES WITH THE BENEFITS OF THE EMPLOYEES

The expenses with salaries and taxes, recorded during first nine months of 2014 are as follows:

Staff costs	15.715.179
Expenses related to the social taxes	981.360
Contributions to pension funds	3.180.550
Total	19.877.089

The average number of employees has evolved as follows:

	Fiscal period	
	ended on	On
	December 31st 2013	September 30th 2014
Management	4	4
Administrative	31	31
Operational	302	296

On September 30th 2014, 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, no advance payments to be reimbursed to the members of the executive Management registered and there were also no guarantees of future obligations taken over by the company under the name of the Managers or Administrators.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

6. TANGIBLE ASSETS

	Land	Buildings	Technical equipment and machinery and other tangible assets	Tangible assets in progress	Total
Cost or evaluation					
On January 1st 2013	5.644.846	6.158.287	86.392.556	5.006.521	103.202.210
Additions	-	134.771	8.655.931	5.916.198	14.706.900
Disposals	59.000	95.579	1.007.384	8.790.702	9.952.665
On December 31st 2013	5.585.846	6.197.479	94.041.103	2.132.017	107.956.445
Additions	-	221.294	2.485.665	897.038	3.603.997
Disposals	-	37.307	381.381	2.706.960	3.125.648
On September 30th 2014	5.585.846	6.381.466	96.145.387	322.095	108.434.794
Depreciation and impairment					
On January 1st 2013		846.248	46.904.561		47.750.809
Depreciation charge for the year		366.132	9.368.787		9.734.919
Disposals		11.877	1.007.317		1.019.194
Impairment	-	17.404	225.068		242.472
On December 31st 2013	-	1.217.908	55.491.099	-	56.709.007
Depreciation charge for the year		277,559	6,954,023		7,231,582
Disposals		21,541	375,317		396,858
Impairment	-	-	-		-
On September 30th 2014	-	1,473,926	62,069,805		63,543,731
Net accounting value					
On September 30th 2014	5.585.846	4.907.540	34.075.582	322.095	44.891.063
On December 31st 2013	5.585.846	4.979.571	38.550.004	2.132.017	51.247.438
On January 1st 2013	5.644.846	5.312.039	39.487.995	5.006.521	55.451.401

All presented fixed assets are the property of the company.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

7. 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.

	September 30, 2014	2013
Initial balance on January 1 st	600.225	618.828
Subsequent Increase/ (decrease)	(13.952)	(18.603)
Final balance	586.273	600.225

	9 months 2014
Income from rents obtained from real estate investments	37.341
Direct operational expenses (including repairs and maintenance) which generate income from rents	(21.938)
Net profit resulted from real estate investments registered at costs	15.403

8. FINANCIAL ASSETS

Name of the company	Nature of the relationship	Year of investment	Percent detained on		Value of the investment on	
			30.09.2014	31.12.2013	30.09.2014	31.12.2013
Romp petrol Logistics S.R.L.	Long term investment	2002/2003/2007	6,98%	6,98%	5.580.056	5.580.056
Ecomaster Servicii Ecologice S.R.L.	Long term investment	2001/2007		0,12%		2.200
Rominserv S.R.L.	Long term investment	2005	0,01%	0,01%	1.295	1.295
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%		100	
Adjustment for value					-	-
Total					6.526.151	6.528.251

(* 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.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

9. INVENTORIES

		Raw materials and consumables	Finished products and goods	Total
On January 1st 2013	Inventories, net	5.098.587	27.755	5.126.342
	Cost	6.751.194	14.619	6.765.813
	Adjustments for depreciation	594.356	-	594.356
On December 31st 2013	Inventories, net	6.156.838	14.619	6.171.457
	Cost	6.367.457	16.144	6.383.601
	Adjustments for depreciation	887.299	-	887.299
On September 30th 2014	Inventories, net	5.480.159	16.144	5.496.303

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 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 2013	558.942
Constituted	49.724
Used during the year	14.309
On December 31st 2013	594.356
Constituted	321,957
Used during the year	(468)
Exchange rate differences	(28,547)
On September 30th 2014	887,299

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

10. TRADE AND OTHER RECEIVABLES

	On September 30 th 2014	On December 31 st 2013
Trade receivables - third parties	31.234.214	32.660.334
Trade receivables with affiliated entities	36.561.662	38.944.299
Value adjustments for trade receivables	(1.857.513)	(1.763.028)
Total trade receivables, net	65.938.363	69.841.605
Loans granted to entities within the group, of which:	46.490.215	24.710.153
Cash pooling receivables (*)	12.045.474	
Other receivables – third parties	1.069.929	893.205
Other receivables with the affiliated entities	140.236	218.326
Value adjustments for other receivables	(445.570)	(374.217)
Total other receivables, net	764.595	737.314
Total receivables, net	113.193.173	95.289.073

(* At the end of September 2014, it was implemented an optimisation system for the cash availability between the companies within Rompetrol Group, known as cash pooling concept. The direct effect will be transposed to the availability of cash for the company, with impact in increasing 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 24-30 September 2014, the average balance of master account was 13.417.087 lei, generating an interest of 12.755,93 lei.

Trade receivables are usually regularised within 30 to 90 days.
 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 2013	172.686	3.926.914	4.099.600
Charge for the year		920.045	920.045
Utilised		(2.882.400)	(2.882.400)
Unused amounts, reversed			-
On December 31st 2013	172.686	1.964.559	2.137.245
Charge for the year		726.575	726.575
Utilised			-
Unused amounts, reversed		(501.562)	(501.562)
Exchange rate differences		(59.175)	(59.175)
On September 30th 2014	172.686	2.130.397	2.303.083

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

On September 30th, the aging analysis of the receivables is as follows:

	Total	Current, not impaired	Overdue but not impaired				
			< 30 days	30–60 days	61-90 days	91-180 days	> 180 days
Sep 30, 2014	113.193.173	72.405.363	1.278.094	622.733	648.447	1.068.159	37.170.376
Dec 31, 2013	95.289.073	48.092.629	8.365.355	2.029.686	9.662.685	13.539.283	13.599.435

11. CASH AND SHORT TERM DEPOSITS

	30.09.2014	31.12. 2013
Bank accounts in lei	7.891	12.180
Bank accounts in foreign currency	102.135	112.041
Short term deposits in lei	3.023.223	12.023.802
Short term deposits in foreign currency	357.670	253.383
Collateral accounts for letters of guarantee with maturity under one year	4.417.216	4.568.217
Specific accounts regarding performance bonds, other guarantees	38.311	33.856
Petty cash in lei	7.131	11.926
Petty cash in foreign currency	16.624	11.355
	7.970.201	17.026.759
Collateral accounts for letters of guarantee with maturity over one year	3.082.916	3.363.525
Total	11.053.117	20.390.284

The cash in banks registers 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 register interests for the respective rates of the short term deposits.

12. SHARE CAPITAL

12.1. 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.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014

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

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 June 30th 2014.

	Balance on December 31 st 2013	Balance on Sep 30 th 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 September 30th 2014.
The Company is listed under the Bucharest Stock Exchange under the symbol PTR.

12.2. 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 31st, December 2013 without undergoing modifications until June 30th 2014.:

	31.12.2013	30.09.2014
Share capital, from which:		
Paid share capital	28.557.446	28.557.446
The adjustment of the share capital	27.819.090	27.819.090
	738.356	738.356

13. PROVISIONS

	Provisions for the participation of the employees to the profit (short term)	Provisions for litigations (long term)	Other Provisions for risks and expenses (long term)	Total
On January 1st 2013	609.536	75.613	1.287.659	1.972.808
Constituted	900.000			900.000
Used during the year	(609.536)			(609.536)
On December 31st 2013	900.000	75.613	1.287.659	2.263.272
Constituted				
Used during the year	(900.000)			(900.000)
On September 30th 2014	-	75.613	1.287.659	1.363.272

The provision for the participation of the personnel to the profit is 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. Granting of amounts was carried out after the approval of the General Ordinary Meeting of the Shareholders.

14. OTHER POST EMPLOYMENT BENEFITS

	Liabilities regarding the benefits of employees
On January 1st 2013	882.321
Constituted	27.131
Used during the year	-
On December 31st 2013	909.452
Constituted	
Used during the year	-
On September 30th 2014	909.452

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 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 909,452 lei has been determined in 2013, according to the method of the credit factor, planed 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 at December 31st, 2013 and is being updated annually.

15. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	On September 30th 2014	On December 31st 2013
Trade payables - third parties	2.308.116	4.234.492
Trade payables with affiliated entities	1.866.174	2.094.440
Advance payments and deferred income	182.258	328.220
Salaries	1.387.382	1.345.262
Dividends to be paid	6.112.340	4.479.759
Taxes	2.340.132	1.749.827
Other liabilities	65.129	66.916
TOTAL	14.261.530	14.298.916

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

16. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information regarding transactions with subsidiaries of KazMunayGas International NV (* at September 30th, 2014:

Name of the company	Nature of the relationship	Transaction type	Country of origin	Headquarters
Rompetrol Rafinare S.A.	Commercial	Loans granted, ITP services	Romania	Năvodari, Bulevardul Năvodari nr. 215, Pavilion Administrativ, Județul Constanța
Rompetrol Logistics S.R.L.	Commercial	Procurement of spare parts, rental services	Romania	Ploiesti, Str. Basarabilor Nr. 7
Rompetrol S.A.	Commercial	Well services, rental of premisses	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 6, sector 1, București
Ecomaster Servicii Ecologice S.R.L.	Commercial	Rental of premises, procurement of capital assets	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 4, camerele 6-9, sector 1, București
Rompetrol Downstream S.R.L.	Commercial	Procurement of fuel	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 2, sector 1, București
Rominserv S.R.L.	Commercial	Maintenance services	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 3, sector 1, București
KMG Rompetrol S.R.L. (*	Commercial	Management and IT services, Cash pooling related services	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 5, camera 2, sector 1, București
KazMunayGas International NV (*	Shareholding	Payments of dividends	Holland	Amsterdam, Strawinskylaan 807, turn A-8,
Rompetrol Financial Group SRL	Commercial	Intermediate sale of financial instruments	Romania	Bucuresti, Piata Presei Libere nr. 3-5, City Gate Northern Tower, Etaj 5, Camera 3, Sector 1
Rompetrol Gas S.R.L.	Commercial	Car rental	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 5, sector 1, București
Rompetrol Drilling S.R.L.	Commercial	Rental of premises, procurement of capital assets	Romania	Ploiesti, str. Clopotei nr. 2 bis, cladirea C61, administrative offices

(* 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.

Loan contracts with Rompetrol Rafinare S.A.	Principal	Interest	Total
December 31st 2013	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
1 CI/April 28 th 2010	1.500.000	6.717	1.506.717
September 30th 2014	34.300.000	136.628	34.436.628
1CI/September 09 th 2008	13.000.000	51.783	13.051.783
2CI/October 14 th 2008	7.000.000	27.883	7.027.883
3CI/November 04 th 2008	3.100.000	12.348	3.112.348
1 CI/April 28 th 2010	11.200.000	44.613	11.244.613

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

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.

Receivables

	Balance on September 30th 2014
Rompetrol Rafinare S.A.	34.436.628
Romperol Logistics S.R.L.	35.066
Rompetrol S.A.	36.633.448
Rompetrol Drilling S.R.L.	28.151
KMG Rompetrol SRL(*	12.049.757
Rompetrol Gas S.R.L.	950
Rompetrol Financial Group SRL	8.113
Total	83.192.114

(* Receivables related to cash pooling 12.045.474 lei, of which interest 12.756 lei.

Liabilities

	Balance on September 30th 2014
Rompetrol Logistics S.R.L.	6.733
Rompetrol Downstream S.R.L.	1.084.837
KMG Rompetrol SRL	767.912
KazMunayGas International NV	4.093.304
Rompetrol Rafinare S.A.	809
Ecomaster Servicii Ecologice S.R.L.	5.884
Total	5.959.478

Sales

	9 months 2014
Rompetrol Rafinare S.A.	1.225.290
Rompetrol Logistics S.R.L.	63.071
Rompetrol S.A.	41.429
Rompetrol Drilling S.R.L.	22.702
Ecomaster Servicii Ecologice S.R.L.	4.244
KMG Rompetrol SRL	17.961
Rompetrol GAS S.R.L.	6.895
Total	1.381.593

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Acquisition of goods and services

	9 months 2014
Romp petrol Logistics S.R.L.	3.993
Romp petrol Downstream S.R.L.	4.110.234
KMG Rompetrol SRL	629.882
Romp petrol Rafinare S.A.	5.869
Ecomaster Servicii Ecologice S.R.L.	4.745
Total	4.754.723

Managerial expenses

	9 months 2014
KMG Rompetrol SRL.	4,741,722
Total	4,741,722

17. COMMITMENTS AND CONTINGECIES

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 performance bonds through a guarantee granting instrument under the provisions of the law, by a bank or insurance company, meaning Letters of Bank Guarantees. Another type of Guarantees granted to third parties were the performance bonds, constituted as successive retentions from the proper payment, in a special account for the supplier, opened for the contracting authority, at a bank agreed upon by both parties.

	At 30.09 2014	At 31 12 2013
Collateral accounts for letters of guarantee with maturity under one year	4.417.216	4,568,217
Collateral accounts for letters of guarantee with maturity over one year	3.082.916	3,363,525

Received guarantees

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

18. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

The company is not being implicated in any loan contract and therefore not exposed to risks regarding the movement of the interest rate.

ROMPETROL WELL SERVICES S.A.
NOTES TO FINANCIAL STATEMENTS
For the period ended at 30 September 2014
(all amounts expressed in Lei ("RON"), unless otherwise specified)

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.

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 beginning and the deepening of the generalised liquidities and solvability crises 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 evidenced as important clients S.C. OMV Petrom S.A., S.N.G.N. Romgaz S.A. and AMROMCO ENERGY S.R.L., concentrating around 66% of the total turnover registered for the financial year 2013, respectively around 78% of the total turnover register for the first nine months of 2014. 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 3rd 2016, respectively May 1th 2015.

19. THE EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There are no subsequent events to report.

Administrator,
STANESCU Adrian Ion

Signature
Unit stamp



PREPARED BY,
MANOLE Vasile - Gabriel
Economic Director

Signature

A handwritten signature in black ink, appearing to read "Manole Vasile".