

**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 31 March 2014**

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**STAND-ALONE FINANCIAL STATEMENTS**

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

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**ROMPETROL WELL SERVICES S.A.**  
**PROFIT AND LOSS STATEMENT**  
**For first quarter 2014**

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

**PROFIT AND LOSS STATEMENT**  
**For first quarter 2014**

	Date <b>31.03.2014</b>	Date <b>31.03.2013</b>
<b>Net turnover</b>	21.163.216	25.696.405
Services performed	20.949.241	25.071.020
Sales of goods	213.975	625.385
Other operating income	166.109	432.030
<b>OPERATING INCOME - TOTAL</b>	<b>21.329.325</b>	<b>26.128.435</b>
Expenses with consumables	(4.326.814)	(6.934.679)
Power and water expenses	(260.763)	(296.933)
Merchandise expenses	(101.620)	(232.503)
Payroll costs, out of which:	(6.025.328)	(6.401.636)
Salaries	(4.773.604)	(5.069.306)
Social security contributions	(1.251.724)	(1.332.330)
Fixed assets value adjustment, of which	(2.472.543)	(2.410.783)
Depreciation	(2.472.543)	(2.410.783)
Current assets value adjustment	(189.909)	(290.124)
Expenses for third-party services	(3.390.294)	(2.281.945)
Taxes, duties and similar expenses	(195.361)	(212.020)
Other operating expenses	(72.807)	(182.707)
<b>OPERATING EXPENSES - TOTAL</b>	<b>(17.035.439)</b>	<b>(19.243.330)</b>
<b>OPERATING RESULT</b>	<b>4.293.886</b>	<b>6.885.105</b>
Interest income	405.511	701.818
- of which, revenues from related parties	364.758	516.648
Other financial income	278.350	433.822
<b>FINANCIAL INCOME – TOTAL</b>	<b>683.861</b>	<b>1.135.640</b>
Other financial expenses	(530.630)	(244.853)
<b>FINANCIAL EXPENSES – TOTAL</b>	<b>(530.630)</b>	<b>(244.853)</b>
<b>FINANCIAL PROFIT</b>	153.231	890.787
<b>GROSS PROFIT</b>	4.447.117	7.775.892
Current and deferred income tax	6 (1.192.000)	(1.160.625)
<b>NET PROFIT</b>	<b>3.255.117</b>	<b>6.615.267</b>

**ROMPETROL WELL SERVICES S.A.**  
**STATEMENT OF THE FINANCIAL POSITION**  
**For the quarter ended as at 31 March 2014**  
*(all amounts expressed in Lei ("RON"), unless otherwise specified)*

**STATEMENT OF THE FINANCIAL POSITION**  
**For quarter ended 31 March 2014**

	Date 31.12.2013	Date 31.12.2013
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	48.870.982	51.247.437
Real estate investments	595.575	600.225
Intangible assets	25.923	30.967
Financial assets	6.528.251	6.528.251
Other financial assets	4.470.205	3.363.525
Deferred tax assets	373.882	373.882
<b>Total fixed assets</b>	<b>60.864.818</b>	<b>62.144.287</b>
<b>Current assets</b>		
Inventories	5.763.701	6.171.457
Trade and similar receivables	93.694.035	95.289.073
Other current assets	512.187	229.378
Cash and short-term deposits	17.579.527	17.026.759
<b>Current assets - total</b>	<b>117.549.450</b>	<b>118.716.667</b>
<b>Total assets</b>	<b>178.414.268</b>	<b>180.860.954</b>
<b>Capital and reserves</b>		
<b>Capital</b>		
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	80.757.218	80.757.218
Retained earnings	45.929.157	18.330.138
Current result	3.255.117	27.599.019
<b>Total equity</b>	<b>164.062.756</b>	<b>160.807.639</b>
<b>Long-term liabilities</b>		
Provisions	1.363.272	1.363.272
Employee benefits liabilities	909.452	909.452
Deferred tax liabilities	1.052.770	1.052.770
<b>Total long-term liabilities</b>	<b>3.325.494</b>	<b>3.325.494</b>
<b>Current liabilities</b>		
Trade payables and similar liabilities	8.934.018	14.298.916
Corporate tax payable	1.192.000	1.528.905
Provisions	900.000	900.000
<b>Non-current payables - total</b>	<b>11.026.018</b>	<b>16.727.821</b>
<b>Total payables</b>	<b>14.351.512</b>	<b>20.053.315</b>
<b>Total equity and liabilities</b>	<b>178.414.268</b>	<b>180.860.954</b>

**ROMPETROL WELL SERVICES S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the quarter ended as at 31 March 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	<b>28.557.446</b>	<b>5.563.818</b>	<b>80.757.218</b>	<b>18.330.138</b>	<b>27.599.019</b>	<b>160.807.639</b>

**STATEMENT OF CHANGES IN EQUITY**  
**For the quarter ended as at 31 March 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						-
Result of the period					3.255.117	3.255.117
Dividends						-
Balance as at 31 December 2014	<b>28.557.446</b>	<b>5.563.818</b>	<b>80.757.218</b>	<b>18.330.138</b>	<b>30.854.136</b>	<b>164.062.756</b>

**ROMPETROL WELL SERVICES S.A.**  
**STATEMENT OF CASH FLOW**  
**For the quarter ended as at 31 March 2014**  
*(all amounts expressed in Lei ("RON"), unless otherwise specified)*

**STATEMENT OF CASH FLOWS**

Indirect method

Name of item	Financial year	
	Ended as at 31.03.2014	Ended as at 31.12.2013
Cash flows from operating activities:		
Net profit before tax	4.447.117	32.376.873
<i>Adjustments for:</i>		
Depreciation and adjustments related to tangible assets	2.467.656	9.995.996
Depreciation and adjustments related to intangible assets	4.887	47.218
Movements in other provisions, net	15.785	(941.668)
Interest income	(405.511)	(2.438.145)
Loss / (profit) from tangible asset sales		(175.804)
<b>Operating profit before working capital changes</b>	<b>6.529.934</b>	<b>38.864.470</b>
Decrease / (Increase) of trade and other receivables	1.364.462	(24.282.258)
Decrease / (Increase) of inventories	458.479	(1.080.529)
Decrease / (Increase) of trade and other debts	(2.527.375)	(1.492.846)
Paid income tax	(1.528.905)	(4.774.273)
<b>Net cash flow (used in) generated by operating activities</b>	<b>4.296.595</b>	<b>7.234.564</b>
Cash flows from investments:		
Payments for purchase of tangible assets	(947.713)	(5.470.685)
Payments for purchase of intangible assets	(22.289)	-
Tangibles and intangibles sales revenue	-	318.573
Received interest	334.125	1.799.517
<b>Net cash from investments</b>	<b>(635.877)</b>	<b>(3.352.594)</b>
Cash flows from financing activities:		
Dividends paid	(2.001.270)	(5.523.200)
<b>Net cash flows from financing activities:</b>	<b>(2.001.270)</b>	<b>(5.523.200)</b>
Net increase / (decrease) of cash and cash equivalents	1.659.448	(1.641.230)
Cash and cash equivalents at the beginning of the financial year	20.390.284	22.031.514
<b>Cash and cash equivalents at the end of the financial year (*)</b>	<b>22.049.732</b>	<b>20.390.284</b>
(*of which :		
Collateral accounts for letters of guarantee with maturity over one year	4.470.205	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 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, Strawinskylaan 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.

**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 31 March 2014 were, for RON:

	<u>31 March 2014</u>	<u>31 December 2013</u>
EUR 1	4,4553	4,4847
USD 1	3,2304	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>31 March 2014</u>	<u>31 December 2013</u>
USD 1	182,04	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

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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

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*(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		Revaluation Value at 31.12.2013
		Acquisition value	Remaining 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
	<b>TOTAL</b>	<b>6.853.511</b>	<b>5.599.651</b>	<b>5.729.171</b>

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 revaluation 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.

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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

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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.

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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.

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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

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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 quarter:

	<b>Sales Quarter I 2014</b>
Service revenue	20.949.241
Revenue from goods sales	213.975
<b>Total</b>	<b>21.163.216</b>

	<b>Sales Quarter I 2014</b>
Export	
Europa	296.841
Asia	377.850
<b>Export total</b>	<b>674.691</b>
Internal market sales	20.488.525
<b>Sales total</b>	<b>21.163.216</b>

**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:

	<b>Q1 2014</b>
Other operating revenues :	
Profit from the waste recovery	73.470
Other revenue	92.639
<b>Total</b>	<b>166.109</b>

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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:

	<b>Q1 2014</b>
Royalties and rental expenses	73.469
Bank commissions and similar charges	59.181
Insurance premiums	77.156
Commissions and fees	14.005
Maintenance and repair expenses	412.610
Postage and telecommunications	26.359
Travel expenses	565.805
Entertaining, promotion and advertising	5.008
Other third party services, from which:	<b>2.156.700</b>
Security services	200.352
Externalised activities services	171.319
Consultancy and auditing	72.856
Management services	1.473.036
Goods transportation services	103.697
Others	135.440
<b>Total</b>	<b>3.390.294</b>

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.

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**4. FINANCIAL EXPENSES AND REVENUE**

**4.1 Financial revenue**

	Q1 2014
<b>Interest income, from which:</b>	<b>405.511</b>
Income obtained from the ICO entities	364.758
Income from exchange rate differences	278.350
<b>Financial income Total</b>	<b>683.861</b>

**4.2 Financial expenses**

	Q1 2014
FOREX	530.630
<b>Total financial expenses</b>	<b>530.630</b>

**5. EXPENSES WITH THE BENEFITS OF THE EMPLOYEES**

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

Staff costs	4.773.604
Expenses related to the social taxes	294.728
Contributions to pension funds	956.996
<b>Total</b>	<b>6.025.328</b>

The medium number of employees has evolved as follows:

	Fiscal year completed on December 31 <sup>st</sup> 2013	At March 31 <sup>st</sup> 2014
Management	4	4
Administrative	31	31
Operational	302	301

On March 31<sup>st</sup> 2014, the company has had no obligations regarding the payment of the retirement money to the ex-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.

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**6. TANGIBLE ASSETS**

	Land	Buildings	Technical equipment and machinery and other tangible assets	Tangible assets in progress	Total
<b>Cost or evaluation</b>					
<b>On January 1<sup>st</sup> 2013</b>	<b>5.644.846</b>	<b>6.158.287</b>	<b>86.392.556</b>	<b>5.006.521</b>	<b>103.202.210</b>
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
<b>On December 31<sup>st</sup> 2013</b>	<b>5.585.846</b>	<b>6.197.479</b>	<b>94.041.103</b>	<b>2.132.017</b>	<b>107.956.445</b>
Additions	-	-	808.229	86.550	894.779
Disposals	-	-	204.278	808.229	1.012.507
<b>On March 31<sup>st</sup> 2014</b>	<b>5.585.846</b>	<b>6.197.479</b>	<b>94.645.054</b>	<b>1.410.338</b>	<b>107.838.717</b>
<b>Depreciation and impairment</b>					
<b>On January 1<sup>st</sup> 2013</b>		<b>846.248</b>	<b>46.904.561</b>		<b>47.750.809</b>
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
<b>On December 31<sup>st</sup> 2013</b>	<b>-</b>	<b>1.217.908</b>	<b>55.491.099</b>	<b>-</b>	<b>56.709.007</b>
Depreciation charge for the year		96.565	2.366.442		2.463.007
Disposals		-	204.278		204.278
Impairment	-	-	-		-
<b>On March 31<sup>st</sup> 2014</b>	<b>-</b>	<b>1.314.472</b>	<b>57.653.263</b>		<b>58.967.735</b>
<b>Net accounting value</b>					
<b>On March 31<sup>st</sup> 2014</b>	<b>5.585.846</b>	<b>4.883.007</b>	<b>36.991.791</b>	<b>1.410.338</b>	<b>48.870.982</b>
<b>On December 31<sup>st</sup> 2013</b>	<b>5.585.846</b>	<b>4.979.571</b>	<b>38.550.004</b>	<b>2.132.017</b>	<b>51.247.438</b>
<b>On January 1<sup>st</sup> 2013</b>	<b>5.644.846</b>	<b>5.312.039</b>	<b>39.487.995</b>	<b>5.006.521</b>	<b>55.451.401</b>

All presented fixed assets are the property of the company.

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**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.

	March 31, 2014	2013
Initial balance on January 1 <sup>st</sup>	600.226	618.828
Subsequent Increase/ (decrease)	(4.651)	(18.603)
<b>Final balance</b>	<b>595.575</b>	<b>600.225</b>
<b>Q1 2014</b>		
Income from rents obtained from real estate investments		19.954
Direct operational expenses (including repairs and maintenance) which generate income from rents		(7.753)
<b>Net profit resulted from real estate investments registered at costs</b>		<b>12.201</b>

**8. FINANCIAL ASSETS**

Name of the company	Nature of the relationship	Year of investment	Percent detained on		Value of the investment on	
			31.03.2014	31.12.2013	31.03.2014	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%	0,12%	2.200	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
Adjustment for value					-	-
<b>Total</b>					<b>6.528.251</b>	<b>6.528.251</b>

(\* 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.

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**9. INVENTORIES**

		Raw materials and consumables	Finished products and goods	Total
<b>On January 1<sup>st</sup> 2013</b>	<b>Inventories, net</b>	<b>5.098.587</b>	<b>27.755</b>	<b>5.126.342</b>
	Cost	6.751.194	14.619	6.765.813
	Adjustments for depreciation	594.356	-	594.356
<b>On December 31<sup>st</sup> 2013</b>	<b>Inventories, net</b>	<b>6.156.838</b>	<b>14.619</b>	<b>6.171.457</b>
	Cost	6.299.053	8.281	6.307.334
	Adjustments for depreciation	543.633	-	543.633
<b>On March 31<sup>st</sup> 2014</b>	<b>Inventories, net</b>	<b>5.755.420</b>	<b>8.281</b>	<b>5.763.701</b>

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
<b>On January 1<sup>st</sup> 2013</b>	<b>558.942</b>
Constituted	49.724
Used during the year	14.309
<b>On December 31<sup>st</sup> 2013</b>	<b>594.356</b>
Constituted	
Used during the year	
Exchange rate differences	50.723
<b>On March 31<sup>st</sup> 2014</b>	<b>543.633</b>

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**10. TRADE AND OTHER RECEIVABLES**

	On March 31 <sup>st</sup> 2014	On December 31 <sup>st</sup> 2013
Trade receivables - third parties	28.261.165	32.660.334
Trade receivables with affiliated entities	38.294.523	38.944.299
Value adjustments for trade receivables	(1.821.866)	(1.763.028)
<b>Total trade receivables, net</b>	<b>64.733.823</b>	<b>69.841.605</b>
Loans granted to entities within the group	<b>28.066.506</b>	<b>24.710.153</b>
Other receivables – third parties	1.092.518	893.205
Other receivables with the affiliated entities	183.076	218.326
Value adjustments for other receivables	(381.888)	(374.217)
<b>Total other receivables, net</b>	<b>893.706</b>	<b>737.314</b>
<b>Total receivables, net</b>	<b>93.694.035</b>	<b>95.289.073</b>

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
<b>On January 1<sup>st</sup> 2013</b>	<b>172.686</b>	<b>3.926.914</b>	<b>4.099.600</b>
Charge for the year		920.045	920.045
Utilised		(2.882.400)	(2.882.400)
Unused amounts, reversed			-
<b>On December 31<sup>st</sup> 2013</b>	<b>172.686</b>	<b>1.964.559</b>	<b>2.137.245</b>
Charge for the year		189.909	189.909
Utilised			-
Unused amounts, reversed			-
Exchange rate differences		(123.400)	(123.400)
<b>On March 31<sup>st</sup> 2014</b>	<b>172.686</b>	<b>2.031.068</b>	<b>2.203.754</b>

On March 31<sup>st</sup>, 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
<b>Mar 31, 2014</b>	<b>93.694.035</b>	53.549.556	2.492.485	1.177.548	195.991	8.741.127	27.537.328
<b>Dec 31, 2013</b>	<b>95.289.073</b>	48.092.629	8.365.355	2.029.686	9.662.685	13.539.283	13.599.435

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**11. CASH AND SHORT TERM DEPOSITS**

	<b>31.03.2014</b>	<b>31.12. 2013</b>
Bank accounts in lei	6.457	12.180
Bank accounts in foreign currency	54.057	112.040
Short term deposits in lei	14.236.224	12.023.802
Short term deposits in foreign currency	841.977	253.383
Collateral accounts for letters of guarantee with maturity under one year	2.374.943	4.568.217
Specific accounts regarding performance bonds, other guarantees	35.341	33.856
Petty cash in lei	15.899	11.926
Petty cash in foreign currency	14.629	11.355
	<b>17.579.527</b>	<b>17.026.759</b>
Collateral accounts for letters of guarantee with maturity over one year	4.470.205	3.363.525
<b>Total</b>	<b>22.049.732</b>	<b>20.390.284</b>

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 20<sup>th</sup> 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 8<sup>th</sup> 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 18<sup>th</sup> 2008, without undergoing modifications until March 31<sup>st</sup> 2014.

	<b>Balance on December 31<sup>st</sup> 2013</b>	<b>Balance on March 31<sup>st</sup> 2014</b>
	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 March 31<sup>st</sup> 2014.  
The Company is listed under the Bucharest Stock Exchange under the symbol PTR.

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**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 31<sup>st</sup> 2003 with the purpose of reflecting the accounting impact in the hyperinflation. The value of the share capital has been increased at December 31<sup>st</sup>, 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 31<sup>st</sup>,December 2013 without undergoing modifications until March 31<sup>st</sup> 2014.:

	31.12.2013	31.03.2014
Share capital, from which:	28.557.446	28.557.446
Paid share capital	27.819.090	27.819.090
The adjustment of the share capital	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
<b>On January 1<sup>st</sup> 2013</b>	<b>609.536</b>	<b>75.613</b>	<b>1.287.659</b>	<b>1.972.808</b>
Constituted	900.000			900.000
Used during the year	(609.536)			(609.536)
<b>On December 31<sup>st</sup> 2013</b>	<b>900.000</b>	<b>75.613</b>	<b>1.287.659</b>	<b>2.263.272</b>
Constituted	-			
Used during the year				
<b>On March 31<sup>st</sup> 2014</b>	<b>900.000</b>	<b>75.613</b>	<b>1.287.659</b>	<b>2.263.272</b>

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. Granting of amounts shall be carried out after the approval of the General Ordinary Meeting of the Shareholders, usually in May.

**14. OTHER POST EMPLOYMENT BENEFITS**

	<b>Liabilities regarding the benefits of employees</b>
<b>On January 1<sup>st</sup> 2013</b>	<b>882.321</b>
Constituted	27.131
Used during the year	-
<b>On December 31<sup>st</sup> 2013</b>	<b>909.452</b>
Constituted	
Used during the year	-
<b>On March 31<sup>st</sup> 2014</b>	<b>909.452</b>

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 31<sup>st</sup>, 2013 and is being updated annually.

**15. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)**

	<b>On March 31<sup>st</sup> 2014</b>	<b>On December 31<sup>st</sup> 2013</b>
Trade payables - third parties	1.725.836	4.234.492
Trade payables with affiliated entities	1.369.862	2.094.440
Advance payments and deferred income	290.946	328.220
Salaries	1.160.320	1.345.262
Dividends to be paid	2.478.489	4.479.759
Taxes	1.846.835	1.749.827
Other liabilities	61.729	66.916
<b>TOTAL</b>	<b>8.934.018</b>	<b>14.298.916</b>

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**16. PRESENTATION OF THE AFFILIATED PARTIES**

The following tables present information regarding transactions with subsidiaries of KazMunayGas International NV (\* at March 31<sup>st</sup>, 2014:

<b>Name of the company</b>	<b>Nature of the relationship</b>	<b>Transaction type</b>	<b>Country of origin</b>	<b>Headquarters</b>
Rompetro Rafinare S.A.	Commercial	Loans granted, ITP services	Romania	Năvodari, Bulevardul Năvodari nr. 215, Pavilion Administrativ, Județul Constanța
Rompetro Logistics S.R.L.	Commercial	Procurement of spare parts, rental services	Romania	Ploiesti, Str. Basarabilor Nr. 7
Rompetro S.A.	Commercial	Well services, rental of premises	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 goods	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 4, camerele 6-9, sector 1, București
Rompetro 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
Rompetro Bulgaria JSC	Commercial	Procurement of fuel	Bulgaria	Slivnitsa blvd. no. 188, Sofia
Rompetro Petrochemicals S.R.L.	Commercial	Car rental	Romania	Navodari, Bulevardul Navodari nr. 215, Pavilion Administrativ, Județul Constanța
KMG Rompetrol S.R.L. (*	Commercial	Management and IT services	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 5, camera 2, sector 1, București
Rompetro Financial Group S.R.L.	Shareholding	Payments of dividends	Romania	Bucuresti, Piata Presei Libere nr. 3-5, City Gate Northern Tower, Etaj 5, Camera 3, Sector 1
KazMunayGas International NV (*	Shareholding	Payments of dividends	Holland	Amsterdam, Strawinskylaan 807, turn A-8,
Rompetro Gas S.R.L.	Commercial	Car rental	Romania	Piata Presei Libere, nr. 3-5, City Gate Northern Tower, etaj 5, sector 1, București

(\* Starting with March 6<sup>th</sup>, 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.	<b>Main</b>	<b>Interest</b>	<b>Total</b>
<b>December 31<sup>st</sup> 2013</b>	<b>24.600.000</b>	<b>110.153</b>	<b>24.710.153</b>
1 CI/September 09 <sup>th</sup> 2008	13.000.000	58.211	13.058.211
2 CI/October 14 <sup>th</sup> 2008	7.000.000	31.344	7.031.344
3 CI/November 04 <sup>th</sup> 2008	3.100.000	13.881	3.113.881
1 CI/April 28 <sup>th</sup> 2010	1.500.000	6.717	1.506.717
<b>March 31<sup>st</sup> 2014</b>	<b>27.900.000</b>	<b>140.787</b>	<b>28.040.787</b>
1 CI/September 09 <sup>th</sup> 2008	13.000.000	65.600	13.065.600
2 CI/October 14 <sup>th</sup> 2008	7.000.000	35.323	7.035.323
3 CI/November 04 <sup>th</sup> 2008	3.100.000	15.643	3.115.643
1 CI/April 28 <sup>th</sup> 2010	4.800.000	24.221	4.824.221

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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**

	<b>Balance on March 31<sup>st</sup> 2014</b>
Rompetrol Rafinare S.A.	28.040.787
Romperol Logistics S.R.L.	123.535
Rompetrol S.A.	38.344.738
Ecomaster Sevicii Ecologice S.R.L.	1.164
KMG Rompetrol SRL	7.212
Rompetrol Gas S.R.L.	950
<b>Total</b>	<b>66.518.386</b>

**Liabilities**

	<b>Balance on March 31<sup>st</sup> 2014</b>
Rompetrol Logistics S.R.L.	6.964
Rompetrol Downstream S.R.L.	693.181
KMG Rompetrol SRL	668.100
Rompetrol Rafinare S.A.	1.617
<b>Total</b>	<b>1.369.862</b>

**Sales**

	<b>Q1 2014</b>
Rompetrol Rafinare S.A.	364.758
Rompetrol Logistics S.R.L.	20.682
Rompetrol S.A.	9.920
Ecomaster Servicii Ecologice S.R.L.	1.408
KMG Rompetrol SRL	1.757
Rompetrol Gas S.R.L.	2.298
<b>Total</b>	<b>400.823</b>

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**Acquisition of goods and services**

	Q1 2014
Rompetrol Logistics S.R.L.	1.345
Rompetrol Downstream S.R.L.	1.247.680
KMG Rompetrol SRL.	171.319
Rompetrol Rafinare S.A.	1.956
<b>Total</b>	<b>1.422.300</b>

**Managerial expenses**

	Q1 2014
KMG Rompetrol SRL.	1.473.036
<b>Total</b>	<b>1.473.036</b>

**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 31.03 2014	At 31 12 2013
Collateral accounts for letters of guarantee with maturity under one year	2.374.943	4.568.217
Collateral accounts for letters of guarantee with maturity over one year	4.470.205	3.363.525

**Received guarantees**

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.**  
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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 70% of the total turnover register for the first quarter 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 31<sup>st</sup> 2016, November 3<sup>rd</sup> 2016, respectively May 1<sup>st</sup> 2015.

**19. THE EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

In May 2014 the Company has signed an addendum to the loan agreement RWS1-CI/28.04.2010 in amount of 6.400.000 lei, the rest of the loan contracts with S.C. Rompetrol Rafinare S.A. being 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 decided on April 28<sup>th</sup> 2014 the distribution of the net profit for fiscal year 2013 as follows:

- 8.345.727 lei for dividends (0.0300 lei /share gross dividend)
- 19.253.292 lei for other reserves.

**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 - Gabriel'.