

ROMPETROL WELL SERVICES SA

STAND-ALONE FINANCIAL STATEMENTS UNAUDITED

Prepared in accordance with
Order of Minister of Public Finance no. 2844/2016

30 September 2019

ROMPETROL WELL SERVICES S.A.
Stand-alone Financial Statements Unaudited
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Order of the Minister of Public Finance no. 2844/2016
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ROMPETROL WELL SERVICES S.A.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	9 months 2019	9 months 2018	Quarter 3 2019	Quarter 3 2018
Turnover	2	48,001,838	42,670,007	16,017,024	15,194,657
Services performed		47,968,989	42,662,579	16,011,493	15,189,831
Sales of goods		32,849	7,428	5,531	4,825
Other operating income	3.1	147,517	290,853	126,253	34,807
OPERATING INCOME - TOTAL		48,149,355	42,960,860	16,143,277	15,229,464
Expenses with consumables		(12,679,390)	(11,949,179)	(4,130,307)	(4,007,875)
Power and water expenses		(182,875)	(264,311)	(26,088)	(43,854)
Merchandise expenses		(24,151)	(7,434)	(3,809)	(4,631)
Payroll costs, out of which:	5	(14,478,839)	(13,215,039)	(4,858,341)	(4,239,816)
Salaries		(13,863,586)	(12,669,075)	(4,624,553)	(4,019,104)
Social security contributions		(431,467)	(400,186)	(144,613)	(127,934)
Fixed assets value adjustment, of which		(3,735,788)	(4,034,171)	(1,163,678)	(1,241,617)
Depreciation		(3,735,788)	(4,034,171)	(1,163,678)	(1,241,617)
Current assets value adjustment		552,205	6,087	1,280	(14,950)
Expenses for third-party services	3.2	(8,537,448)	(6,701,046)	(3,405,311)	(2,358,554)
Taxes, duties and similar expenses		(483,476)	(470,120)	(167,880)	(158,993)
Provision adjustments	17	142,389	-	-	-
Other operating expenses	3.3	(643,804)	(2,752)	(21,603)	(498)
OPERATING EXPENSES - TOTAL		(40,071,177)	(36,637,965)	(13,775,737)	(12,070,788)
OPERATING RESULT		8,078,178	6,322,895	2,367,540	3,158,676
Interest income		3,379,347	2,840,695	1,030,103	1,086,384
- of which, revenues from related parties		3,372,034	2,838,997	1,028,129	1,085,910
Other financial income		204,057	170,933	28,387	74,967
FINANCIAL INCOME - TOTAL	4.1	3,583,404	3,011,628	1,058,490	1,161,352
Value adjustment in respect of financial investments		-	-	-	-
Other financial expenses		(107,782)	(162,862)	(22,162)	(88,115)
FINANCIAL EXPENSES - TOTAL	4.2	(107,782)	(162,862)	(22,162)	(88,115)
FINANCIAL RESULT		3,475,622	2,848,766	1,036,328	1,073,237
RESULT BEFORE TAX		11,553,800	9,171,661	3,403,868	4,231,913
Income tax expense		(1,721,301)	(1,619,081)	(419,917)	(714,991)
RESULT FOR THE YEAR		9,832,499	7,552,580	2,983,951	3,516,922
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		9,832,499	7,552,580	2,983,951	3,516,922

Administrator,
ZHETPISBAYEV Timur

Signature
Company stamp



Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

ROMPETROL WELL SERVICES S.A.
STATEMENT OF FINANCIAL POSITION UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	Date 30.09.2019	Date 31.12.2018
Assets			
Non-current assets			
Tangible assets	7	23,422,469	26,260,303
Right of use asset	18.1	643,068	-
Investment property	8	493,258	507,210
Intangible assets	9	293,965	206,389
Financial assets	10	6,524,856	6,524,856
Other financial assets	11	34,516	705,898
Total non-current assets		31,412,132	34,204,656
Current assets			
Inventories, net	12	3,394,334	3,165,469
Short term loans granted to related parties	20	-	34,300,000
Trade and other receivables	13	24,578,338	24,339,619
Availabilities in cash pooling system	20	90,456,063	50,967,015
Other current assets	14	330,643	320,024
Cash and deposits	15	6,723,546	4,659,229
Total current assets		125,482,924	117,751,356
Total assets		156,895,056	151,956,012
Capital and reserves			
Capital			
Share capital, of which:		28,557,446	28,557,446
Subscribed and paid in share capital	16.1	27,819,090	27,819,090
Share capital adjustments	16.2	738,356	738,356
Legal reserves		5,563,818	5,563,818
Other reserves		23,025,823	23,025,823
Retained earnings		58,042,925	46,163,721
Retained earnings IFRS transition		18,042,950	18,052,782
Current result		9,832,499	16,886,640
Total equity		143,065,461	138,250,230
Long-term liabilities			
Provisions	17	-	142,389
Employee benefits liabilities		1,288,636	1,288,636
Deferred tax liabilities		1,159,590	1,159,590
Lease liability	18.2	474,472	-
Other liabilities		38,920	99,492
Total long-term liabilities		2,961,618	2,690,107
Current liabilities			
Trade and other payables	19	10,046,941	10,624,887
Income tax payable		627,066	390,788
Lease liability	18.2	193,970	-
Total current liabilities		10,867,977	11,015,675
Total liabilities		13,829,595	13,705,782
Total equity and liabilities		156,895,056	151,956,012

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ROMPETROL WELL SERVICES S.A.
STATEMENT OF CHANGES IN EQUITY UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

For the period ended at 30 September 2018

	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2018	28,557,446	5,563,818	22,775,285	44,732,606	18,330,137	2,442,446	122,401,738
Impact from application of IFRS 9					(277,355)		(277,355)
Balance at 1 January 2018 Restated	28,557,446	5,563,818	22,775,285	44,732,606	18,052,782	2,442,446	122,124,383
Profit distribution				2,442,446		(2,442,445)	-
Dividends				(723,297)			(723,297)
Current result						7,552,580	7,552,580
Balance at 30 September 2018	28,557,446	5,563,818	22,775,285	46,451,755	18,052,782	7,552,580	128,953,666

For the period ended at 30 September 2019

	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2019	28,557,446	5,563,818	23,025,823	46,163,721	18,052,782	16,886,640	138,250,230
Impact from application of IFRS 16					(9,832)		(9,832)
Balance at 1 January 2019 Restated	28,557,446	5,563,818	23,025,823	46,163,721	18,042,950	16,886,640	138,240,398
Profit distribution				16,886,640		(16,886,640)	-
Dividends				(5,007,436)			(5,007,436)
Current result						9,832,499	9,832,499
Balance at 30 September 2019	28,557,446	5,563,818	23,025,823	58,042,925	18,042,950	9,832,499	143,065,461

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ROMPETROL WELL SERVICES S.A.
STATEMENT OF CHANGES IN EQUITY UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

The legal reserve is in amount of RON 5,563,818 (2018: RON 5,563,818). The company constituted the legal reserve in accordance with the provisions of the Romanian trading companies law, which requires at least 5% of the annual company's profit before tax to be transferred to legal reserve until the ending balance of this reserve reaches 20% of the company's share capital.

Other reserves represent reserves constituted on the basis of mandatory legislation, respectively reserves for actuarial elements according to IAS 19.

Retained earnings represent reserves constituted through the distribution of prior year profits, respectively the cover of prior year losses.

The company has recognized the cumulative effect of the first time adoption of the financial standard IFRS 16 "Leases" by adjusting the Retain Earnings beginning of balance in amount of RON 9,832, determined as the difference between the lease liability measured at the present value of the unpaid lease payments at 1 January 2019 and the right of use asset value for the lease contracts.

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

During the General Ordinary Meeting of the Shareholders from 24 April 2019, it was decided the distribution on destinations of the 2018 net profit: dividends distribution in gross amount of RON 5,007,436 and distribution in retained earnings in amount of RON 11,879,204.

Administrator,
ZHETPISBAYEV Timur

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Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

A handwritten signature in blue ink, belonging to the Finance Manager.

ROMPETROL WELL SERVICES S.A.
STATEMENT OF CASH FLOW UNAUDITED
For the period ended as at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Indirect method

Name of item	Period	
	Ended as at 30.09.2019	Ended as at 30.09.2018
<i>Cash flows from operating activities:</i>		
Net result before tax	11,553,800	9,171,661
<i>Adjustments for:</i>		
Depreciation and adjustments related to tangible assets and investment properties	3,536,812	3,993,512
Depreciation and adjustments related to right of use assets	157,906	-
Depreciation and adjustments related to intangible assets	41,071	40,659
Provisions for post-employment benefits plans and other provisions	(142,389)	-
Allowance for trade and other receivables	(552,205)	(6,087)
Trade receivables and sundry debtors write off	619,998	-
Interest income	(3,358,160)	(2,840,695)
Loss / (profit) from tangible asset sales	(91,071)	(159,432)
Unrealized foreign exchange differences (Gain)/Loss	(110,574)	53,517
Operating profit before working capital changes	11,655,188	10,253,135
(Increase) / (Decrease) of performance guarantees and bank account for dividend payments	671,382	(686,990)
(Decrease) / (Increase) of trade and other receivables	(214,137)	(4,619,886)
(Decrease) / (Increase) of inventories	(228,865)	863,492
(Decrease) / (Increase) of trade and other debts	(484,030)	(1,930,484)
Paid income tax	(1,485,023)	(904,090)
Net cash flow from operating activities	9,914,515	2,975,177
<i>Cash flows from investments:</i>		
Payments for purchase of tangible and intangible assets	(902,185)	(1,082,166)
Receipts from sale of tangible and intangible assets	179,583	160,312
Receipts from reimbursement of loans granted	34,300,000	-
Decrease / (Increase) of cash pooling balance	(38,977,223)	(3,593,793)
Received interest	2,867,523	2,067,368
Net cash from investments	(2,532,303)	(2,448,280)
<i>Cash flows from financing activities:</i>		
Lease payments	(176,304)	-
Dividends paid	(5,141,590)	(143,036)
Net cash flows from financing activities	(5,317,894)	(143,036)
Net (decrease) / increase of cash and cash equivalents	2,052,397	372,942
Net foreign exchange differences	11,920	10,919
Cash and cash equivalents at the beginning of the reporting period	4,659,229	3,513,305
Cash and cash equivalents at the end of the reporting period	6,723,546	3,897,165

Administrator,

ZHETPISBAYEV Timur

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Prepared by,

MOISE Luiza-Roxana
Finance Manager

Signature

ROMPETROL WELL SERVICES S.A.
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

Rompotrol Well Services SA ("the Company") is a stock company, registered office located in Ploiesti, Clopotei Street, No. 2 bis, Romania. The Company is registered with the Trade Register under the number J29/110/05.03.1991.

It was turned into a stock company named S.C. PETROS SA 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 ROMPETROL WELL SERVICES SA.

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

The ultimate parent of KazMunayGas International is the National Wealth Fund JSC "Samruk-Kazyna", an entity based in Kazakhstan.

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

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

These unaudited stand-alone financial statements are public and available on www.petros.ro, on Investor Relations section.

The Company had a branch in Kazakhstan, Atyrau, 060003, Moldagaliyeva 31/19 Street, an entity without legal personality. The branch functional currency is the Kazakhstan' national currency – tenge (KZT).

The reorganization during crisis conditions in oil services industry involved an analysis on geographical areas of operational efficiency for a period of multiple years. Matters connected to factors such as materials and human resources, contractual commitments and market particularity, lead to the proposal to renounce to the operational activity in Kazakhstan, and as a consequence, to dissolve Company's Branch in Kazakhstan, proposal approved by General Extraordinary Meeting of the Shareholders on July 22nd, 2015. The process of effective closure was finalized on May 30, 2019 by releasing by the competent authorities of Kazakhstan the certificate attesting the branch deregistration.

ROMPETROL WELL SERVICES S.A.
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

The impact in the financial position and in the statement of profit and loss generated by the branch closure is as follows:

Impact on the statement of financial position (increase/(decrease))	Date 30.09.2019
Tangible assets	-
Intangible assets	-
Inventories	-
Trade and similar receivables	(218,608)
Cash and deposits	-
Total assets	(218,608)
Other provisions	(142,389)
Trade payables and similar liabilities	(5,149)
Total liabilities	(147,537)
Equity	(71,071)

Impact on the statement of profit and loss 2019

Write-off trade and other payables	5,149
Write-off trade and other receivables	(619,998)
Current assets value adjustment	401,389
Provision adjustments, net	142,389
Net result	(71,071)

1.1. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Starting the year ended 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, the latest regulation being Order no. 2844/2016 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. 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

Considering the solid financial position of the Company and next year cash flow projections, the financial statements of the Company were prepared based on the going concern principle.

ROMPETROL WELL SERVICES S.A.
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

b) Foreign Currency Transactions

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 recognized 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 recognized in Other elements of global earnings, or the profit or loss are also recognized 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 2019 were, for RON:

	30 September 2019	31 December 2018
1 EUR	4.7511	4.6639
1 USD	4.3488	4.0736

c) Financial Instruments

A financial instrument is any contract which produces a financial asset for a company and a financial liability or equity instrument for another entity. 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 include trade liabilities and other liabilities. The accounting policies for the recognition and measurement of each item are described in this note.

Initial and subsequent measurement

Financial assets and liabilities are initially measured at fair value. Transaction costs which are directly attributable to acquisition or issuance of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added at initial recognition or deducted from the fair value of respective financial asset or liability, as the case may be.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

ROMPETROL WELL SERVICES S.A.
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial liabilities are classified as subsequently measured at amortized cost, except for (a) financial liabilities at fair value through profit or loss, (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, (c) financial guarantee contracts, who is subsequently measured at the higher of the value of the loss adjustment and the amount initially recognized, (d) commitments to provide a loan at a below-market interest rate which is subsequently measured at the higher of the value of the loss adjustment and the amount initially recognized, (e) contingent consideration recognized by an acquirer in a business combination IFRS 3 which subsequently is measured at fair value with changes recognized in profit or loss.

For purposes of subsequent measurement, the company's specific financial assets and liabilities are classified in three categories:

- Financial asset measured at amortized cost (Receivables and loans granted); and
- Trade payables and other liabilities
- Financial assets measured at fair value through other comprehensive income (Financial assets, note 1 h)

Receivables and loans

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

Trade payables and other liabilities

Trade payables and other liabilities are cost, subsequently measured at amortized cost using the effective interest rate. The effective interest method is a method to calculate the amortized cost of a financial liability and to allocate interest expenses from the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the expected life of the financial liability (including all paid or received commissions which are part of the effective interest rate, transaction costs and other bonuses or discounts) or (if the case) on a shorter period, to the net carrying amount from the initial recognition.

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

Derecognition

A financial asset is primarily derecognized when:

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

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

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

Offsetting of financial instruments

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

d) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

e) Property, plant and equipment

Property, plant and equipment are stated at cost less cumulative depreciation and, if the case, less loss from impairment, in the financial statements of the Company.

ROMPETROL WELL SERVICES S.A.
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

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

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

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

f) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are disclosed at their historical cost less the provisions for depreciation and impairment. Depreciation of investment properties is computed using straight-line method through their useful life of between 35 and 40 years.

For the purpose of disclosure of 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 is performed at least every 3 years.

Investment properties are derecognized 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 recognized 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.

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

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.
- The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary. External and internal costs specifically associated with the maintenance of already existing computer software programs are expensed as incurred.

h) Financial assets

Financial assets represent strategic long term investments and are recorded at fair value through other comprehensive income. Main indicators taken into consideration when identifying fair value are current and forecasted results of the respective company, in the context of the industry in which it operates.

Additional details on financial assets are presented in Note 10.

i) 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 already.

The company bases its impairment computation on detailed budgets and forecast calculations which cover a period of 7 years. A long-term growth rate is calculated and applied to the future cash flows determined based on the company's budgets and forecasts.

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 if no impairment loss had 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.

j) Provisions

Provisions are recognized when the Company 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.

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

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.

k) 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 arrangement gives the right to use an underlying asset for a period of time in exchange for consideration.

At the inception date of the arrangement, a lessee has to recognize an asset related to the right of use and a liability arising from the lease contract.

For the initial recognition of the right-of-use asset, a lessee shall measure the cost of the right-of-use asset at the amount of the initial measurement of the lease liability plus any lease payments made at or before the commencement date plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, or restoring the underlying asset to the condition required by the terms and conditions of the lease agreement.

For the first time recognition of the liability that arise from the lease agreement, a lessee has to measure the liability that arise from the lease contract at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If the rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the right-of-use asset is realized by applying the cost model. Applying the cost model, a lessee shall measure the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The right-of-use asset depreciation by the lessee is subject to the accounting policies requirements applied for property, plant and equipment.

Subsequent measurement of the lease liability, by the lessee, is realized by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest expense related to the liability arising from the lease and depreciation expense for the right-of use asset are recognized by the lessee in the income statement.

l) 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.

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

m) Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 9.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

n) Cash and cash equivalents

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

o) Revenue from contracts with customers

Revenue is recognize at the level of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. When the Company, acting as an agent, satisfies a performance obligation, the Company recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Company's business model establish the identification of performance obligations as the written requests of clients, which represent the commitment to purchase goods or services, based on the framework contract.

The Company has framework agreements concluded with customers, services provided/merchandise sold being made based on purchase order. The Company has assessed, by type of contract, the goods and/or services promised in each type of contract and has identified the following promised goods and services, which also qualify as separate performance obligations (POs):

- Specific well operation to a specific defined well.
- **Rental:** distinct space and vehicle
- **ITP:** specific vehicle verification
- **Other merchandise:** distinct goods

The transaction price is the client's promise to pay in cash a fixed amount of the consideration. The company analyzed the transaction price and concluded that it did not include a significant financing component or a variable component.

The company has determined for each performance obligation identified at the beginning of the contract whether it will be met in time or if it will be performed at a specific time. The company collects commercial receivables within 30 - 90 days.

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

p) 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 specific actuarial estimates. 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.

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

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

- ▶ Where the deferred tax asset arises from the initial recognition 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.

1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

- ▶ In case of deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures, the deferred tax asset is recognized 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.

- Revenue related 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.

r) Dividends

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

s) Contingent assets and liabilities

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

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

1.3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

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.

1.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2019:

• **IFRS 16: Leases**

The standard is effective starting with or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

The Company has chosen to apply IFRS 16 for its lease contracts retrospectively with the cumulative effect of the original application of the standard at the date of the initial application, by recognizing the right-of-use asset from the contractual commencement date. The modified retrospective approach consists of retroactive application, with the recording of results only at the date of the standard first time application. This approach involves the following steps:

- The lessee does not need to restate the comparative information, but has to recognize the cumulative effect of the Standard initial application as an adjustment of the opening balance of the retained earnings, at the date of initial application
- Recognition of liability arising from leasing contracts that were classified as operating leases in accordance with IAS 17. The lessee shall measure the liability arising from these leases at the present value of future lease payments
- Recognition a right-of-use asset for lease contracts previously classified as operating leases using one of the following methods:
 - i) its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application; or
 - ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The company has chosen to apply the exemptions from the recognition provisions for leasing contracts for which the underlying asset is of low value and for short-term lease agreements.

The impact of the transition from operating lease contracts that are in force at the date of applying IFRS 16 to the level of the financial statements for the period ended as of 30 September 2019 is as follows:

Impact on the statement of financial position (increase/(decrease))	As of January 1st, 2019
<u>Assets</u>	
Property, plant and equipment (right-of-use assets)	888,253
<u>Liabilities</u>	
Lease liabilities	(898,085)
Deferred tax liabilities	-
<u>Equity</u>	<u>(9,832)</u>

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

Impact on the statement of profit or loss (increase/(decrease)) for 2019:	Reported period completed on September 30st, 2019
Depreciation expense of right-of-use assets	157,906
Operating profit	157,906
Finance costs	17,992
Net Result for the year	175,898

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Revenue from well services	47,546,210	42,332,220
Revenue from other services rendered	422,780	330,359
Revenue from goods sold	32,849	7,428
Total	48,001,838	42,670,007

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Export		
Europe	1,981,146	1,687,276
Total export	1,981,146	1,687,276
Internal market sales	46,020,693	40,982,731
Total sales	48,001,838	42,670,007

The well services market in Romania continued to record a gradual and constant increase of the operational activity, through relaunch of investment projects in Upstream area.

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

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3. OTHER REVENUES AND OTHER EXPENSES

3.1. Other operating revenues

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

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Other operating revenues :		
- earnings from debts write-off	5,149	-
- earnings from sale of waste	9,661	74,072
- earnings from disposal of fixed assets	91,071	160,312
- earnings from compensations and penalties	39,052	-
- other revenues	2,584	56,469
Total	147,517	290,853

3.2. Expenses with third-party services

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

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Travel expenses	1,246,723	1,059,008
Maintenance and repair expenses	845,412	445,977
Royalties and rental expenses	357,242	624,019
Insurance premiums	253,286	324,518
Postage and telecommunications	55,372	39,694
Bank commissions and similar charges	40,243	36,643
Entertaining, promotion and advertising	18,633	11,132
Commissions and fees	2,211	-
Other third party services, from which:	5,718,326	4,160,055
Goods transportation services	2,429,393	1,432,366
Externalized activities services	1,355,121	951,480
Management services	864,828	749,024
Others	508,027	393,480
Security services	442,296	445,430
Consultancy and audit	118,661	188,275
Total	8,537,448	6,701,046

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

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3. OTHER REVENUES AND OTHER EXPENSES (continued)

3.3. Other operating expenses

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

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Compensations, fines, penalties	2,766	1,485
Amounts or goods granted as sponsorship	16,000	-
Write-off trade receivables and sundry debtors	619,998	-
Other operating expenses	5,040	1,267
Total	643,804	2,752

Write-off trade receivables and sundry debtors, in amount of RON 619,998, recorded until the end of the reporting date, represents the expense generated by finalization of the closure process of the Kazakhstan company branch. Additional information on the impact on the financial position and the profit and loss account is presented in Note 1.

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Interest income, from which:	3,379,347	2,840,695
Income obtained from the entities within the group	3,372,034	2,838,997
Income from exchange rate differences	202,373	170,062
Other financial income	1,684	871
Total financial income	3,583,404	3,011,628

"Income obtained from the entities within the group" in amount of RON 3,372,034 for the period ended as of September 30, 2019 (respective RON 2,838,997 for the period ended as of September 30, 2018) includes interest revenue generated by the loans granted to Rompetrol Rafinare SA in amount of RON 798,863 (2018: RON 1,459,255) and interest revenue from cash-pooling in amount of RON 2,573,171 (2018: RON 1,379,741).

4.2. Financial expenses

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Expenses from exchange rate differences	85,742	145,441
Other financial expenses	22,040	17,421
Interest expense on the lease liability	17,992	-
Total financial expenses	107,782	162,862

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5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during the period January to September of 2019 and January to September of 2018 are as follows:

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Expenses related to salaries and allowances	13,863,586	12,669,075
Other expenses with employees benefits	183,786	145,778
Expenses related to the social insurances	120,431	111,207
Contributions to the savings fund for retirement	311,036	288,979
Total	14,478,839	13,215,039

6. EARNINGS PER SHARE

The value of earning per share is calculated by dividing the net profit of the reporting period attributable to shareholders by the weighted average number of shares outstanding during the period.

The following report present the net profit and the number of shares used in computing earnings per share:

	On 30.09.2019	On 30.09.2018
Net result attributable to shareholders	9,832,499	7,552,580
Weighted average number of shares	278,190,900	278,190,900
Earnings per share (RON/share)	0.0353	0.0271

There was no issue or cancellation of shares between the date of the report and the date of the presentation of the financial statements.

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7. TANGIBLE ASSETS

	Land	Buildings and special constructions	Technical equipment and machinery and other tangible assets	Tangible assets in progress	Total
Cost or evaluation					
On 1 January 2018	<u>5,585,846</u>	<u>6,382,511</u>	<u>98,013,170</u>	<u>87,663</u>	<u>110,069,190</u>
Additions	-	-	26,735	2,478,443	2,505,178
Disposals	-	-	(1,408,968)	-	(1,408,968)
Transfers	-	182,955	1,094,414	(1,277,370)	-
On 31 December 2018	<u>5,585,846</u>	<u>6,565,466</u>	<u>97,725,351</u>	<u>1,288,736</u>	<u>111,165,399</u>
Additions	-	-	3,489	770,050	773,539
Disposals	-	(28,728)	(2,200,785)	-	(2,229,513)
Transfers	-	697,091	1,219,674	(1,916,765)	-
On 30 September 2019	<u>5,585,846</u>	<u>7,233,829</u>	<u>96,747,728</u>	<u>142,021</u>	<u>109,709,425</u>
Depreciation and Impairment					
On 1 January 2018	-	<u>2,125,126</u>	<u>84,484,487</u>	-	<u>86,609,614</u>
Depreciation charge for the year	-	284,676	4,920,791	-	5,205,468
Disposals	-	-	(1,406,234)	-	(1,406,234)
Depreciation	-	(1,734)	(5,502,016)	-	(5,503,750)
On 31 December 2018	-	<u>2,408,069</u>	<u>82,497,027</u>	-	<u>84,905,097</u>
Depreciation charge for the year	-	232,037	3,290,822	-	3,522,860
Disposals	-	(13,421)	(2,127,581)	-	(2,141,002)
Depreciation	-	-	-	-	-
On 30 September 2019	-	<u>2,626,685</u>	<u>83,660,269</u>	-	<u>86,286,955</u>
Net accounting value					
On 30 September 2019	<u>5,585,846</u>	<u>4,607,145</u>	<u>13,087,459</u>	<u>142,021</u>	<u>23,422,469</u>
On 31 December 2018	<u>5,585,846</u>	<u>4,157,397</u>	<u>15,228,324</u>	<u>1,288,736</u>	<u>26,260,303</u>
On 1 January 2018	<u>5,585,846</u>	<u>4,257,384</u>	<u>13,528,683</u>	<u>87,663</u>	<u>23,459,576</u>

All presented tangible assets are the property of the company.

8. INVESTMENT PROPERTIES

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

	30.09.2019	31.12.2018
Initial balance on January 1 st	507,210	525,813
Depreciation expenses	(13,952)	(18,603)
Ending balance	<u>493,258</u>	<u>507,210</u>

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Income from rents obtained from real estate investments	8,804	5,203
Direct operational expenses (including repairs and maintenance) which generate income from rents	(25,153)	(25,447)
Net result from investment property recorded at cost	<u>(16,350)</u>	<u>(20,244)</u>

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9. INTANGIBLE ASSETS

	Patents and licenses	Intangible assets in progress	Total
Costs			
On 1 January 2018	872,334	-	872,334
Additions	-	2,748	2,748
Disposals	(237,814)	-	(237,814)
Transfers	2,748	(2,748)	-
On 31 December 2018	637,268	-	637,268
Additions	-	128,647	128,647
Disposals	-	-	-
Transfers	128,647	(128,647)	-
On 30 September 2019	765,916	-	765,916
Amortisation and impairment			
On 1 January 2018	614,481	-	614,481
Depreciation charge for the year	54,213	-	54,213
Disposal	(237,814)	-	(237,814)
On 31 December 2018	430,879	-	430,879
Depreciation charge for the year	41,072	-	41,072
Disposal	-	-	-
On 30 September 2019	471,950	-	471,950
Net accounting value			
On 30 September 2019	293,965	-	293,965
On 31 December 2018	206,389	-	206,389
On 1 January 2018	257,852	-	257,852

10. FINANCIAL ASSETS

Name of the company	Nature of the relationship	Year of Investment	Percent detained on 31 December 2018	30 September 2019	Value of the investment on 31 December 2018	30 September 2019
Rompetrol Logistics S.R.L.	Long term investment	2002/2003/2007	6.98%	6.98%	5,580,056	5,580,056
Rompetrol Rafinare S.A.*	Long term investment	2003/2004	0.05%	0.05%	944,700	944,700
Rompetrol Drilling S.R.L.	Long term investment	2014	1%	1%	100	100
Adjustment for value					-	-
Total					6,524,856	6,524,856

*Company listed on Bucharest Stock Exchange under RRC symbol

The investment on Rompetrol Logistics SRL, unlisted company, is presented at fair value through other comprehensive income. The company analyses, at each reporting date, the adjusted net asset of Rompetrol Logistics SRL in order to establish the fair value of the investment.

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11. OTHER FINANCIAL ASSETS

	On 30 September 2019	On 31 December 2018
Collateral accounts for guarantee letters with maturity over one year	-	154,000
Specific accounts for dividends previous years	7,309	532,329
Specific accounts for other guarantee	27,207	19,569
Other financial assets	34,516	705,898

The details on the structure of collateral account with maturity over one year can be found on note 21.

12. INVENTORIES

	On 30 September 2019	On 31 December 2018
Cement and additives	2,138,983	1,896,064
Spare parts equipment	1,643,813	1,627,664
Other inventories	181,030	211,234
Adjustments for depreciation of inventories	(569,492)	(569,492)
Total inventories, net	3,394,334	3,165,469

The inventories mainly contain cement, additives and spare parts for special equipment. For the items whose procurement process is relatively long, as well for the items whose consumption is dependent on fluctuating demand of our customers, it is applied an optimization quantitative procurement, which explains a variation of inventory value between two acquisitions.

13. TRADE AND OTHER RECEIVABLES

	On 30.09.2019	On 31.12.2018
Trade receivables - third parties	19,146,609	20,412,016
Trade receivables with affiliated entities	34,804,250	34,631,520
Value adjustments for trade receivables – third parties	(1,208,385)	(1,749,281)
Value adjustments for trade receivables – affiliated entities	(29,867,314)	(29,848,276)
Total trade receivables, net	22,875,160	23,445,979
Other receivables – third parties	1,050,656	939,808
Other receivables with the affiliated entities	248,288	248,288
Other receivables with state budget	44,995	369,491
Advances to suppliers for tangible assets	1,023,312	-
Value adjustments for other receivables – third parties	(428,425)	(428,300)
Value adjustments for other receivables – affiliated entities	(235,648)	(235,648)
Total other receivables, net	1,703,178	893,640
Total receivables, net	24,578,338	24,339,619

As of September 30st 2019, Oilfield Exploration Business Solutions S.A. receivable was adjusted to the level expressed in the Comfort Letter obtained from the majority shareholder KazMunayGas International NV, respectively RON 4,770,000.

Trade receivables are usually collected within 30 to 90 days.

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13. TRADE AND OTHER RECEIVABLES (continued)

In the table below, there are detailed the movements within the provision for the impairment of trade and other receivables

	Individually impaired	Collectively impaired	Total
On 1 January 2018	33,227,749	1,214,136	34,441,885
Application of IFRS 9	27,456	312,937	340,393
Transfer between category	-	-	-
Charge for the year	184,556	-	184,556
Unused amounts, reversed	(8,729)	(1,961)	(10,690)
Amounts written-off	(2,657,550)	-	(2,657,550)
Exchange rate differences	-	(37,089)	(37,089)
On 31 December 2018	30,773,482	1,488,023	32,261,505
Application of IFRS 9	10,309	43,527	53,836
Transfer between category	-	-	-
Charge for the year	69,382	125	69,507
Unused amounts, reversed	(24,175)	(250,041)	(274,216)
Amounts written-off	-	(400,672)	(400,672)
Exchange rate differences	-	29,812	29,812
On 30 September 2019	30,828,997	910,774	31,739,772

Impairment losses, calculated and recognized, based on the new model required by IFRS 9 for Company's trade receivables, is presented as follows:

At 30 September 2019	Total trade receivables							Total
	Current	< 30 days	31-60 days	61-90 days	91-180 days	181- 360 days	> 360 days	
<i>Expected credit loss rate (%)</i>	3.51%	7.03%	72.91%	71.07%	78.71%	90.00%	100.00%	
Estimated total gross carrying amount at default	14,666,606	2,775,524	214,465	531,008	59,038	60,815	35,643,405	53,950,859
Expected credit loss	(114,955)	(6,970)	(55,122)	(11,565)	(4,854)	(9,381)	(30,872,852)	(31,075,699)

14. OTHER CURRENT ASSETS

	On 30 September 2019	On 31 December 2018
Advance expenses for car insurances	67,344	121,670
Advance expenses for rovineta	97,381	105,125
Advance expenses for authorizations, transportation licenses, subscriptions, others	165,918	93,229
Other current assets TOTAL	330,643	320,024

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

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15. CASH AND DEPOSITS

	30.09.2019	31.12.2018
Bank accounts in RON	84,382	1,645
Bank accounts in foreign currency	32,584	35,820
Short term deposits in RON	118,306	124,898
Short term deposits in foreign currency	42,614	59,365
Collateral accounts for letters of guarantee with maturity under one year	3,568,189	2,176,931
Specific accounts regarding performance bonds, other guarantees	2,782,722	2,096,565
Specific accounts for dividends payment current year	80,429	-
Letter of credit	-	155,937
Petty cash in RON	10,650	4,286
Petty cash in foreign currency	3,670	3,783
Total cash and short term deposits	6,723,546	4,659,229

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

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

Collateral deposits are detailed in note 21.

In note 20 it is presented the details regarding the company's participation for the year 2019 to the system for optimization of cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. The amount available in the principal account on 30 September 2019 was of RON 89,759,990, being ready to use without restriction, depending on the necessity.

16. SHARE CAPITAL

16.1. 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 RON 13,909,545, from RON 13,909,545 up to RON 27,819,090, through issuing, for free, of a number of 139,095,450 new shares with a nominal value of 0.10 RON/share.

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

The finalisation of the procedural phases for approval and recognition has been officially signalled through the repetition of the transacting of the shares, after the increase of the share capital, on September 18th 2008, without undergoing modifications until September 30, 2019.

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16. SHARE CAPITAL (continued)

	Balance on 30 September 2019	Balance on 31 December 2018
	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 30, 2019.

The Company is listed under the Bucharest Stock Exchange under the symbol PTR.

16.2. Adjustments on 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 RON 166,002,389, from own capitals, i.e. "adjustment of share capital". The effect of this decision for the structure of share capital on September 30, 2019, as well as on December 31st, 2018 is presented in the table below:

	On 30 September 2019	On 31 December 2018
Share capital, from which:	28,557,446	28,557,446
Paid-in share capital	27,819,090	27,819,090
The adjustment of the share capital	738,356	738,356

17. PROVISIONS

	Provisions for restructuring (short term)	Provisions for litigations (long term)	Other Provisions for risks and expenses (long term)	Total
On 1 January 2018	-	-	229,429	229,429
Constituted	-	-	83,148	83,148
Used during the year	-	-	-	-
Reclassified	-	-	(170,188)	(170,188)
On 31 December 2018	-	-	142,389	142,389
Constituted	-	-	-	-
Used during the year	-	-	(142,389)	(142,389)
Reclassified	-	-	-	-
On 30 September 2019	-	-	-	-

Other provision for risks and expenses in the amount of RON 142,389 was intended to cover the estimated costs of operational and legal dismantling of the Kazakhstan branch. The provision was used for setting the expenditures generated by the completion of the branch's liquidation process in May 2019.

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18. LEASES

18.1 The right-of-use assets

The statement of the identified assets recognised on 1 January 2019 by the adoption of IFRS 16 is presented in the table below:

	Land	Buildings and special constructions	Technical equipment and machinery and other tangible assets	Total
Cost or evaluation				
On 1 January 2019	-	-	888,253	888,253
Additions				-
Revaluation			(87,278)	(87,278)
Transfers				-
On 30 September 2019	-	-	800,974	800,974
Depreciation and impairment				
On 1 January 2019	-	-	-	-
Depreciation charge for the year	-	-	157,906	157,906
Transfers	-	-	-	-
On 30 September 2019	-	-	157,906	157,906
Net accounting value				
On 30 September 2019	-	-	643,068	643,068
On 1 January 2019	-	-	888,253	888,253

18.2 Lease liability

The identified asset	Interest Rate	Currency	Principal on 1 January 2019	Remeasurement of liability	Interest expense	Principal payments	Exchange Rate Differences	Principal on 30 September 2019
Vehicles	2.94%	EUR	873,899	(87,278)	17,467	153,170	14,025	647,476
IT Equipment	5.84%	USD	24,186	-	954	4,714	1,495	20,966
TOTAL			898,084	(87,278)	18,421	157,884	15,520	668,442

The present value of the future lease payments as of September 30, 2019 is as follow:

Payment term	On 30 September 2019
Amounts due within 1 year	193,970
Amounts due after more than 1 year but not later than 5 years	474,472
Amounts due after 5 years	-
	668,442

19. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	On 30.09.2019	On 31.12.2018
Trade payables - third parties	3,967,805	3,349,277
Trade payables with affiliated entities	1,364,714	2,934,172
Salaries	1,404,377	1,347,474
Dividends to be paid	2,405,589	2,561,890
Taxes	837,951	287,530
Other liabilities	66,505	144,542
Total	10,046,941	10,624,887

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20. PRESENTATION OF THE AFFILIATED PARTIES

The followings tables present information on transactions with companies under common control of KazMunayGas Group as of 30 September 2019.

Name of the company	Transaction type	Country of origin	The nature of relationship
KazMunayGas International NV	Payments of dividends	Holland	Parent Company
Rompetrol Rafinare S.A.	Loans granted, ITP services	Romania	Company's subsidiary, where Rompetrol Well Services has 0.05%
Rompetrol Logistics S.R.L.	Rental services, ITP services, reinvoice security services	Romania	Company's subsidiary, where Rompetrol Well Services has 6.98%
Oilfield Exploration Business Solutions S.A.	Render of services, rental of premises, ITP services	Romania	Company member of KMG International Group
Rompetrol Downstream S R L.	Procurement of fuel, GPS services, procurement of rovinețe	Romania	Company member of KMG International Group
KMG Rompetrol S R L.	Management and IT services, cash pooling services, rental of premises	Romania	Company member of KMG International Group
Rominerv S.R.L.	Other repairs services	Romania	Company member of KMG International Group
Rompetrol Drilling S R L.	Rental of premises	Romania	Company's subsidiary, where Rompetrol Well Services has 1%
KMG Rompetrol Services Center SRL	Services for procurement, legal, employees, translations and IT	Romania	Company member of KMG International Group
Global Security Sistem SA	Security services	Romania	Associate of KMG International Group

Loan contracts with Rompetrol Rafinare S.A.

	Principal	Interest	Total
On 31 December 2018	34,300,000	-	34,300,000
1CI/09-Sept-2008	13,000,000	-	13,000,000
2CI/14-Oct-2008	7,000,000	-	7,000,000
3CI/03-Nov-2008	3,100,000	-	3,100,000
CI/28-Apr-2010	11,200,000	-	11,200,000
On 30 September 2019	-	-	-
1CI/09-Sept-2008	-	-	-
2CI/14-Oct-2008	-	-	-
3CI/03-Nov-2008	-	-	-
CI/28-Apr-2010	-	-	-

All the above mentioned loans were guaranteed with promissory notes and extended automatically on successive periods of time, in the situation that none of the parties has denounced the contract, within maximum 3 days before the due date. Beginning January 1st, 2017, there was applied an interest at the level of ROBOR 3M + 3%.

In May, the Company has collected the amount of RON 34,300,000, representing the consideration of the loans granted to Rompetrol Rafinare SA under the contracts 1CI/09-Sept-2008, 2CI/14-Oct-2008, 3CI/03-Nov-2008, CI/28-Apr-2010, respectively the amount of RON 798,863, representing the consideration of the interest computed until the repayment date.

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20. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Receivables

	Balance on 30 September 2019	Balance on 31 December 2018
KMG Rompetrol SRL	90,456,069	50,974,806
Oilfield Exploration Business Solutions S.A.	4,770,000	4,770,000
Romperol Logistics S.R.L.	178,848	16,675
KMG Rompetrol Services Center SRL	722	1,419
Total	95,405,639	55,762,900

**) On 30 September 2019, respectively 31 December 2018 Oilfield Exploration Business Solutions SA receivables represents the recoverable amount (see note 13).*

Liabilities

	Balance on 30 September 2019	Balance on 31 December 2018
KMG Rompetrol SRL	813,924	1,912,552
Rompetrol Downstream S.R.L.	392,497	472,273
KMG Rompetrol Services Center SRL	157,194	539,414
Rompetrol Logistics S.R.L.	-	6,051
Global Security Sistem SA	1,100	3,882
Total	1,364,714	2,934,172

Sales

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
KMG Rompetrol SRL	2,573,171	1,379,741
Rompetrol Rafinare S.A.	799,250	1,459,333
Rompetrol Logistics S.R.L.	138,385	125,307
Oilfield Exploration Business Solutions S.A.	7,101	12,563
KMG Rompetrol Services Center SRL	5,539	5,444
Rompetrol Drilling S.R.L.	260	2,003
Total	3,523,705	2,984,391

Acquisition of goods and services

	Reported period completed on September 30st, 2019	Reported period completed on September 30st, 2018
Rompetrol Downstream S.R.L.	3,771,913	3,667,909
KMG Rompetrol Services Center SRL	1,351,811	978,975
KMG Rompetrol SRL	1,221,636	1,043,968
Global Security Sistem SA	13,063	12,977
Rominserv SRL	6,215	-
Total	6,364,638	5,703,829

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20. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Starting with 2014, it was implemented an optimization system for the cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. Cash pooling system was implemented in relation to cash availability from certain bank accounts of the Company, and the direct effect will be transposed to the optimization of cash for the company, with impact in the interest income. According to the cash pooling system, in terms of assets presentation, the amounts available at the end of the reporting period is reflected in the statement of financial position in the line "Cash pooling system". During the reporting period, the average balance of master account was RON 74,238,863, generating interest in amount of RON 2,573,171. The value of these receivables as of 30 September 2019 was of RON 90,456,063.

Description	Validity term	Contract Date	Maturity Date	Interest rate	Currency	Principal	Interest receivable as of 30.09.2019	Balance existing as of 30.09.2019
Cash Optimization System implementation of The KMG Rompetrol Group companies (cash pooling)	12 months, with automatically extension	15-Sep-14	15-Sep-20	Based on ROBOR OVERNIGHT	RON	Depending on the working capital needs	696,073	89,759,990
Total							696,073	89,759,990

The interest receivable due by the coordinating company, KMG Rompetrol SRL, is computed on a daily basis by establishing the bank interest cost, with reference to ROBOR OVERNIGHT interest rate, at the level of the daily cash balance of the Company.

The contract is valid for a period of one year, this being the maturity date and is automatically extended upon expiry of this term for consecutive periods of one year, unless it is terminated by either party at least 30 days before the end of each one-year period.

21. COMMITMENTS AND CONTINGENCIES

Guarantees to third parties

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

The detail of the collateral accounts on 30 September 2019 for the Letters of Bank Guarantee is enclosed in the table below:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
LG00888-02-0575359	OMV PETROM S.A.	RON	228.670	21-Apr-20	RON	228,670
LG/00888-02-0549334	OMV PETROM S.A.	RON	25.000	15-Mar-20	RON	25,000
LG/00888-02-0531799	OMV PETROM S.A.	EUR	190.044	28-Feb-20	EUR	190,044
LG/00888-02-0542082	OMV PETROM S.A.	RON	1,378.540	18-Feb-20	RON	1,378,540
LG/00888-02-0433226	S.N.G.N. ROMGAZ S.A.	RON	154.000	15-Feb-20	RON	154,000
LG00888-02-0569981	CROSCO LTD	EUR	297.086	3-Feb-20	EUR	297,086
16201	S.N.G.N. ROMGAZ S.A.	RON	2,782.722	21-Dec-19	RON	2,782,722
LG/00888-02-0513817	OMV PETROM S.A.	RON	299.113	5-Nov-19	RON	299,113
LG/00888-02-0594034	OMV PETROM S.A.	RON	995.735	14-Aug-19	RON	995,735
Total short term collateral deposits						6,350,910
Total long-term collateral deposits						-

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21. COMMITMENTS AND CONTINGENCIES (continued)

The collateral accounts on 31 December 2018 had the following components:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
LG/00888-02-0130320	OMV PETROM S.A.	EUR	932,780	28-Feb-19	EUR	932,780
LG/00888-02-0443670	OMV PETROM S.A.	USD	767,038	28-Feb-19	USD	767,038
LG/00888-02-0489906	OMV PETROM S.A.	RON	178,000	14-Aug-19	RON	178,000
LG/00888-02-0513817	OMV PETROM S.A.	RON	299,113	5-Nov-19	RON	299,113
2	SIRCOSS MEDIAS S.A.	RON	6,511	15-Mar-19	RON	6,511
16201	S.N.G.N. ROMGAZ S.A.	RON	2,063,991	21-Dec-19	RON	2,063,991
Total short term collateral deposits						4,273,496
00888-02-0433226	S.N.G.N. ROMGAZ S.A.	RON	154,000	15-Feb-20	RON	154,000
Total long-term collateral deposits						154,000

Received guarantees

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

Transfer price

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

22. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

- Loans received: the company is not being involved in any loan contract and therefore not exposed to risks regarding the movement of the interest rate.
- Loan granted: for the loans granted presented in note 20 (Availabilities in cash pooling system), the income from interest varies, depending on OVERNIGHT ROBOR.

If interest rates would have varied with + / - 1 percent and all other variable would have been constant, the net result of the Company as of 30 September 2019 would increase / decrease with RON 557,345 (2018: increase / decrease with RON 338,432).

Risk of the exchange rate variations

Most of the transactions of the company are in RON. 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 impact in the Company's financial position.

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22. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT (continued)

Foreign currency sensitivity

The following tables demonstrate the sensitivity towards a possible reasonable change (5%) of the exchange rate of the US dollar, EUR and KZT, all other variables being maintained constant.

The impact over the profit of the company before taxation is due to the modifications of the real value of the assets and monetary debts. The exposal of the company to the foreign currency modifications for any other foreign currency is not significant.

	TOTAL RON	5% USD	5% EUR	5% KZT
31 December 2018				
Balance	127,282	51,964	68,276	7,042
Monetary assets	136,642	53,165	76,175	7,302
Monetary liabilities	(9,361)	(1,201)	(7,899)	(261)
30 September 2019				
Balance	52,822	58,052	(5,230)	-
Monetary assets	117,723	58,096	59,627	-
Monetary liabilities	(64,901)	(43)	(64,857)	-

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

The market risk

Taking into consideration the structure and continuance of trade contracts, it can be highlighted as important clients S.C. OMV Petrom SA and S.N.G.N. Romgaz SA concentrating around 74% of the total turnover registered from the beginning of the year until September 30, 2019. The main contracts with S.C. OMV Petrom SA and S.N.G.N. Romgaz SA are valid until 31 December 2019, respectively 7 December 2019.

Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the efficient use of working capital. Approximately 82% of the Company's debt will mature in less than one year at 30 September 2019 (2018: 84%) based on the carrying value reflected in the financial statements. The Company assessed the concentration of risk with respect to chargeability of its debt and concluded it to be low.

The table below details the profile of the payment terms of the financial liabilities of the Company, based on non-updated contractual payments:

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables - third parties	27,322	3,850,305	90,178	-	-	3,967,805
Trade payables with affiliated entities	593,338	771,377	-	-	-	1,364,714
Dividends to be paid	655,579	-	395,889	-	1,354,121	2,405,589
Other liabilities	2,500	-	3,500	-	60,505	66,505
Total 30 September 2019	1,278,739	4,621,682	489,567	-	1,414,625	7,804,613

ROMPETROL WELL SERVICES S.A.
SELECTED NOTES TO FINANCIAL STATEMENTS UNAUDITED
For the period ended at 30 September 2019
(all amounts expressed in Lei ("RON"), unless otherwise specified)

22. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT (continued)

Trade payables and similar liabilities	On demand	Under 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Trade payables - third parties	134,190	3,212,370	2,718	-	-	3,349,277
Trade payables with affiliated entities	547,654	2,386,518	-	-	-	2,934,172
Dividends to be paid	1,207,769	-	-	-	1,354,121	2,561,890
Other liabilities	-	84,038	-	-	60,505	144,542
Total year 2018	1,889,614	5,682,925	2,718	-	1,414,625	8,989,883

23. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On October 17th, 2019, KMG International NV issued a Corporate Guarantee in favour of the Company, in an amount up to the limit of 30 million USD, in connection to the existing cash pooling contract (see note 20).

Letter of bank guarantee with number LG/00888-02-0618633 having as beneficiary OMV Petrom SA was issued in October 14, 2019, in amount of RON 134,887, with maturity date October 2, 2020.