ROMPETROL WELL SERVICES SA

STANDALONE FINANCIAL STATEMENTS UNAUDITED

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

30 September 2020

ROMPETROL WELL SERVICES SA
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ROMPETROL WELL SERVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME UNAUDITED
For the period ended at 30 September 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	9 months 2020	9 months 2019	Quarter 3 2020	Quarter 3 2019
Turnover		35,867,634	49,629,493	8,992,108	16,961,164
Revenues from contracts with customers	2	35,570,570	49,264,515	8,882,545	16,864,329
Rental revenues	2.1	297,064	364,978	109,563	96,835
Other operating income	3.1	316,435	147,517	216,405	126,253
OPERATING INCOME - TOTAL		**36,184,069**	**49,777,010**	**9,208,513**	**17,087,417**
Expenses with consumables		(8,239,695)	(12,679,389)	(1,836,083)	(4,130,306)
Power and water expenses		(293,525)	(182,875)	(23,893)	(26,088)
Merchandise expenses		(25,500)	(24,151)	-	(3,809)
Payroll costs, out of which:	5	(13,229,590)	(14,478,839)	(4,054,264)	(4,858,341)
Salaries		(12,636,845)	(13,863,586)	(3,846,991)	(4,624,553)
Social security contributions		(413,348)	(431,467)	(128,038)	(144,613)
Fixed assets value adjustment, of which		(3,678,385)	(3,735,788)	(1,213,442)	(1,163,678)
Depreciation		(3,678,385)	(3,735,788)	(1,213,442)	(1,163,678)
Current assets value adjustment		(38,317)	552,205	(21,106)	1,280
Expenses with third-party services	3.2	(9,530,135)	(10,165,104)	(2,681,801)	(4,349,452)
Taxes, duties and similar expenses		(495,136)	(483,476)	(161,768)	(167,880)
Other provisions, net		-	142,389	-	-
Other operating expenses	3.3	(326,044)	(643,804)	(527)	(21,603)
OPERATING EXPENSES - TOTAL		**(35,856,326)**	**(41,698,832)**	**(9,992,884)**	**(14,719,877)**
OPERATING RESULT		**327,743**	**8,078,178**	**(784,371)**	**2,367,540**
Interest income		2,877,446	3,379,347	852,856	1,030,103
- of which, revenues from related parties		2,868,718	3,372,034	848,889	1,028,129
Other financial income		273,826	204,057	162,240	28,387
FINANCIAL INCOME - TOTAL	4.1	**3,151,272**	**3,583,404**	**1,015,096**	**1,058,490**
Other financial expenses		(239,208)	(107,782)	(79,472)	(22,162)
FINANCIAL EXPENSES - TOTAL	4.2	**(239,208)**	**(107,782)**	**(79,472)**	**(22,162)**
FINANCIAL RESULT		**2,912,064**	**3,475,622**	**935,624**	**1,036,328**
RESULT BEFORE TAX		**3,239,807**	**11,553,800**	**151,253**	**3,403,868**
Income tax expense		(488,935)	(1,721,301)	(937)	(419,917)
RESULT FOR THE YEAR		**2,750,872**	**9,832,499**	**150,316**	**2,983,951**
Earnings per share	6	**0,0099**	**0,0353**	**0,0005**	**0,0107**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		-	-	-	-
Actuarial gain / (losses) relating to retirement benefits		-	-	-	-
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME, net of tax		**2,750,872**	**9,832,499**	**150,316**	**2,983,951**

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

Explanatory notes from 1 to 21 are part of these financial statements.
English translation is for information purposes only. Romanian language text is the official text for submission.

ROMPETROL WELL SERVICES SA
STATEMENT OF FINANCIAL POSITION UNAUDITED
For the period ended at 30 September 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	Date 30.09.2020	Date 31.12.2019
Assets			
Non-current assets			
Tangible assets	7	26,057,038	26,533,846
Right of use assets	17.1	2,206,208	595,061
Investment property	8	474,655	488,608
Intangible assets	9	214,373	273,843
Financial assets	10	9,638,637	9,638,637
Other financial assets	11	493,229	113,576
Total non-current assets		**39,084,140**	**37,643,571**
Current assets			
Inventories, net	12	4,685,640	4,230,641
Trade and other receivables	13	14,252,215	18,092,411
Availabilities in cash pooling system	19	84,159,330	96,010,188
Other current assets	14	443,072	740,984
Collateral cash for guarantee letters	15.1	5,198,054	5,350,132
Cash and deposits	15	3,759,714	2,211,024
Total current assets		**112,498,025**	**126,635,380**
Total assets		**151,582,165**	**164,278,951**
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		26,327,939	27,498,620
Retained earnings		58,042,926	56,872,245
Retained earnings IFRS transition		18,041,377	18,041,377
Current result		2,750,872	12,170,108
Total equity		**139,284,378**	**148,703,614**
Long-term liabilities			
Employee benefits liabilities		846,201	846,201
Deferred tax liabilities		1,118,539	1,118,539
Lease liabilities	17.2	599,348	427,236
Other liabilities		105,129	68,545
Total long-term liabilities		**2,669,217**	**2,460,521**
Current liabilities			
Trade and other payables	18	9,113,842	12,561,905
Income tax payable		188,411	356,503
Lease liabilities	17.2	326,317	196,408
Total current liabilities		**9,628,570**	**13,114,816**
Total liabilities		**12,297,787**	**15,575,337**
Total equity and liabilities		**151,582,165**	**164,278,951**

Administrator,
DOSZHANOV Abzal

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ROMPETROL WELL SERVICES S.A.

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MOISE Luiza-Roxana
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ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY UNAUDITED
For the period ended at 30 September 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

For the half year ended as 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	-	-	-	-	(9,833)	-	(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**

For the quarter ended as at 30 September 2020

	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2020	**28,557,446**	**5,563,818**	**27,498,620**	**56,872,243**	**18,041,378**	**12,170,108**	**148,703,613**
Profit distribution	-	-	-	12,170,108	-	(12,170,108)	-
Dividends	-	-	-	(12,170,108)	-	-	(12,170,108)
Current result	-	-	-	-	-	2,750,872	2,750,872
Other movements	-	-	(1,170,682)	1,170,682	-	-	-
Balance at 30 September 2020	**28,557,446**	**5,563,818**	**26,327,939**	**58,042,295**	**18,041,378**	**2,750,872**	**139,284,377**

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

ROMPETROL WELL SERVICES S.A. PLOIESTI

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The legal reserve is in amount of RON 5,563,818 (2019: 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 elements of other comprehensive income.

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

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 27 April 2020, it was decided the distribution on destinations of the 2019 net profit: dividends distribution in gross amount of RON 12,170,108.

Administrator,
DOSZHANOV Abzal

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SOCIETATE COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager

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ROMPETROL WELL SERVICES SA
STATEMENT OF CASH FLOW UNAUDITED
For the period ended at 30 September 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Indirect method

Name of item	Period Ended as at 30.09.2020	Ended as at 30.09.2019
Cash flows from operating activities:		
Net result before tax	**3,239,807**	**11,553,800**
Adjustments for:		
Depreciation and adjustments related to tangible assets and investment properties	3,386,414	3,536,812
Depreciation and adjustments related to right of use assets	232,502	157,906
Depreciation and adjustments related to intangible assets	59,468	41,071
Provisions for employee benefits and other provisions	-	(142,389)
Allowance for trade and other receivables	38,317	(552,205)
Write-off customers and sundry debtors	-	614,849
Interest income, net	(2,849,784)	(3,358,160)
Loss / (profit) from tangible asset sales	(291,858)	(91,071)
Unrealized foreign exchange differences (Gain)/Loss	(95,201)	(110,574)
Operating profit before working capital changes	**3,719,665**	**11,650,039**
Increase / (Decrease) of performance guarantees and dividend payments accounts	(227,575)	(137,020)
Increase / (Decrease) of trade and other receivables	4,110,417	(208,989)
Decrease / (Increase) of inventories	(454,999)	(228,865)
Increase / (Decrease) of trade and other debts	(4,271,623)	(484,030)
Paid income tax	(657,027)	(1,485,023)
Net cash flow from operating activities	**2,218,858**	**9,106,113**
Cash flows from investments:		
Payments for purchase of tangible and intangible assets	(2,988,000)	(902,185)
Receipts from sale of tangible and intangible assets	384,203	179,583
Receipts from reimbursement of loans granted	-	34,300,000
(Increase)/Decrease of cash pooling balance	11,733,633	(38,977,223)
Received interest	2,994,671	2,867,523
Net cash from investments	**12,124,508**	**(2,532,303)**
Cash flows from financing activities:		
Payments corresponding to leasing contracts	(1,515,734)	(176,304)
Dividends paid	(11,278,941)	(5,141,590)
Net cash flows from financing activities	**(12,794,675)**	**(5,317,894)**
Net (decrease) / increase of cash and cash equivalents	1,548,909	1,243,995
Net foreign exchange differences	(219)	11,920
Cash and cash equivalents at the beginning of the financial year	2,211,024	2,118,125
Cash and cash equivalents at the end of the reporting period	**3,759,714**	**3,374,041**

Administrator,

DOSZHANOV Abzal

Signature
Company stamp

ROMPETROL WELL SERVICES S.A. PLOIESTI

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MOISE Luiza-Roxana
Finance Manager

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

Rompetrol 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 Wealfare Fund Samruk-Kazyna JSC, 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 half year stand-alone financial statements are public and available on www.petros.ro, on Investor Relations section.

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. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

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.

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

The exchange rates used to translate the balances denominated in foreign currency as at 30 September 2020 were, for RON:

	30 September 2020	31 December 2019
1 EUR	4.8698	4.7793
1 USD	4.1617	4.2608

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), or fair value through profit or loss.

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* 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 1h).

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 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.

Derecognition

A financial asset is primarily derecognised when:

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

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

- 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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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 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.

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:

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

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 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.

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

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.
- 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 programmers are expensed as incurred.

h) Financial assets

Financial assets represent strategic long-term investments and are recorded at fair value through other comprehensive income.

Dividends received from entities in which the Company has shares are recognized in profit and loss account of the year when the right of the Company the collect dividends is established and it is probable that the will be collected.

The changes in fair value are recognized in other elements of the comprehensive income until the investment is derecognized or depreciated, moment when the cumulative gain or losses are reclassified from other comprehensive income in a retained earnings account for the respective period.

Fair value is the priced received from selling an assets or the price paid to transfer a liability in a normal transaction between market participants, at the date of the valuation.

Valuation at fair value implies that the asset is exchanged in a normal transaction for the sale of the asset or transfer of the debt, between market participants, at the valuation date, under current market conditions. In a valuation at fair value it is assumed that the transaction of sale of the asset takes place either:

- on the main market of the asset, or
- in the absence of a main market, on the market most advantageous for the asset.

The valuation at fair value of an asset is based on the assumption that market participants would use when determining the value of the asset, assuming that market participants act to obtain maximum economic benefit.

The Company uses valuation techniques appropriate to the circumstances and for which there are available sufficient data for fair value valuation, using to the maximum the relevant observable input data and minimizing the unobservable input data used.

The financial assets that are the object of valuation at fair value are classified within the fair value hierarchy, based on the input data, which is the necessary basis for selecting and using the necessary approach for its reliable determination. The data entry hierarchy consists of three levels:

(i) first level - prices quotations (unadjusted) on active markets for identical assets and liabilities, to which the entity has access to at the valuation date
(ii) second level - entry data, other than the price quotations included in level one, which are observed for assets or liabilities, either directly or indirectly
(iii) third level - non-observable entry data for assets or liabilities

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

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. 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.

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

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 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.

The Company recognized right-of-use asset and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets.

For the initial recognition of the right-of-use asset, a lessee measures 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 measures 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 are 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 uses the lessee's incremental borrowing rate.

The Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Subsequent measurement of the right-of-use asset is realized by applying the cost model. Applying the cost model, a lessee measures 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Other equipment 3 – 5 years

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.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

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.

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 three months 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 recognise 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 recognised 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. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company's business model establishes 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 orders. The Company has assessed, by type of contract, the goods and/or services promised in each type of contract and has identified the following contracts as separate performance obligations (POs):

- contracts for well services: specific well operation to a specific defined well.
- Other segments: rental (distinct space and vehicle), ITP services (specific vehicle verification) and 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.

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

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.

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 (Note 19). 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.

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

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

- *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. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued)

1.3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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 2020:

- **Conceptual Framework in IFRS standards**
  The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

	Reported period completed on September 30st, 2020	Reported period completed on September 30st, 2019
Revenue from well services	35,449,446	49,173,864
Revenue from other services	51,142	57,801
Revenue from goods sold	69,981	32,849
Total	**35,570,570**	**49,264,515**

	Reported period completed on September 30st, 2020	Reported period completed on September 30st, 2019
Export		
Europe	-	1,981,146
Total export	**-**	**1,981,146**
Internal market sales	35,570,570	47,283,369
Total sales	**35,570,570**	**49,264,515**

The Covid-19 pandemic crisis has affected the economy both globally and nationally. The measures to limit the spread of the virus have directly impacted the international markets, including a drop in the oil price, with negative impact including on the upstream market in Romania.

In the short term, the Company's activity may experience a decrease in orders for the provision of well services. In the medium and long term, taking into account similar episodes of sharp drops in oil prices recorded in the past, we expect that the Romanian market will return to normal conditions.

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

2.1 RENTAL REVENUES

Below there is an analysis of Company's rental revenues:

	Reported period completed on September 30st, 2020	Reported period completed on September 30st, 2019
Revenue from office space rental	283,654	260,643
Revenue from equipment's rental	13,410	104,335
Total	**297,064**	**364,978**

3. OTHER REVENUES AND OTHER EXPENSES

3.1. Other operating income

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

	9 months 2020	9 months 2019
Other operating income:		
- earnings from write-off debts	-	5,149
- earnings from sale of waste	-	9,661
- earnings from disposal of fixed assets	291,859	91,071
- earnings from compensations and penalties	24,300	39,052
- other revenues	276	2,584
Total	**316,435**	**147,517**

3.2. Expenses with third-party services

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

	9 months 2020	9 months 2019
Travel expenses	817,655	1,246,723
Maintenance and repair expenses	622,129	845,412
Insurance premiums	344,212	357,242
Royalties and rental expenses	536,125	253,286
Bank commissions and similar charges	58,447	55,372
Postage and telecommunications	47,233	40,243
Entertaining, promotion and advertising	10,294	18,633
Commissions and fees	-	2,211
Other third-party services, from which:	**7,094,039**	**7,345,983**
Goods transportation services	2,475,314	2,429,394
Services rendered at well site - subcontractors	989,929	1,627,656
Outsourced activities services	2,040,717	1,355,121
Management services	490,574	864,828
Security services	486,074	442,296
Others	438,799	508,027
Consultancy and audit	172,632	118,661
Total	**9,530,134**	**10,165,105**

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.

During 2019, the company partially subcontracted services of acidizing, hot oil pumping and nitrogen for a specific project to a third party. The value of the services performed by this subcontractor in order to fulfill the contractual obligations assumed by the Company, as a supplier, amounts to RON 989,929 for the first 9 months of the year 2020 (2019: RON 1,627,656).

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:

	9 Months 2020	9 Months 2019
Compensations, fines, penalties	8,201	2,766
Amounts or goods granted as sponsorship	297,486	16,000
Inventories write-off	-	619,998
Other operating expenses	20,357	5,040
Total	**326,044**	**643,804**

Write-off trade receivables and sundry debtors, recorded in 2019, 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.

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

	9 Months 2020	9 Months 2019
Interest income, from which:	**2,877,446**	**3,379,347**
Income obtained from the entities within the group	2,868,718	3,372,034
Income from exchange rate differences	**273,703**	**202,374**
Other financial income	**123**	**1,684**
Total financial income	**3,151,272**	**3,583,405**

The line "Income obtained from the entities within the group" in amount of RON 2.868.718 for the first 9 months of the year 2020 (respectively RON 3,372,034 for the first 9 months of 2019) includes interest revenue from cash-pooling in amount of RON 2,868,718 (2019: 2,573,171 RON) and interest generated by the loans granted to Rompetrol Rafinare SA in amount of RON 0 (2019: RON 798,863).

4.2. Financial expenses

	9 Months 2020	9 Months 2019
Expenses from exchange rate differences	217,082	85,742
Other financial expenses, out of which	22,126	22,040
Interest expense on the lease liability	21,998	17,992
Total financial expenses	**239,208**	**107,782**

5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during the first 9 months of the year 2020 and 2019 are as follows:

	9 Months 2020	9 Months 2019
Expenses related to salaries and allowances	12,636,845	13,863,586
Other expenses with employees benefits	179,397	183,786
Contributions to special funds	128,983	120,431
Expenses related to the social insurances	284,365	311,036
Total	**13,229,590**	**14,478,839**

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:

	30 September 2020	30 September 2019
Net result attributable to shareholders	2,750,872	9,832,499
Weighted average number of shares	278,190,900	278,190,900
Earnings per share (RON / share)	**0,0099**	**0,0353**

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

7. TANGIBLE ASSETS

	Land	Buildings and special constructions	Technical equipment and machinery and other tangible assets	Advances and Tangible assets in progress	Total
Cost or evaluation					
On 1 January 2019	**5,585,846**	**6,565,466**	**97,725,351**	**1,288,736**	**111,165,399**
Additions	-	-	434,311	4,893,288	5,327,599
Disposals		(48,120)	(5,271,798)	-	(5,319,918)
Transfers	-	988,301	1,980,366	(2,968,668)	-
On 31 December 2019	**5,585,846**	**7,505,647**	**94,868,231**	**3,213,356**	**111,173,080**
Additions	-	-	26,712	2,961,287	2,988,000
Disposals	-	-	(4,268,947)	-	(4,268,947)
Transfers	-	147,162	1,361,743	(1,606,257)	-
On 30 September 2020	**5,585,846**	**7,652,809**	**91,987,739**	**4,568,386**	**109,892,132**
Depreciation and Impairment					
On 1 January 2019	**-**	**2,408,069**	**82,497,027**	**-**	**84,905,097**
Depreciation charge for the year	-	319,048	4,278,700	-	4,597,749
Disposals	-	(32,813)	(4,830,798)	-	(4,863,611)
Depreciation	-	-	-	-	-
On 31 December 2019	**-**	**2,694,303**	**81,944,929**	**-**	**84,639,234**
Depreciation charge for the year	-	278,803	3,093,658	-	3,372,462
Disposals	-	-	(4,176,601)	-	(4,176,601)
Depreciation	-	-	-	-	-
On 30 September 2020	**-**	**2,973,108**	**80,861,985**	**-**	**83,835,094**
Net accounting value					
On 30 September 2020	**5,585,846**	**4,777,054**	**11,125,755**	**4,568,386**	**26,057,038**
On 31 December 2019	**5,585,846**	**4,811,344**	**12,923,302**	**3,213,356**	**26,533,846**
On 1 January 2019	**5,585,846**	**4,157,397**	**15,228,324**	**1,288,736**	**26,260,303**

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.

	30.09.2020	31.12.2019
Initial balance on 1 January	**488,608**	**507,210**
Depreciation expenses	(13,952)	(18,603)
Ending balance	**474,656**	**488,608**

	9 months 2020	9 months 2019
Income from rents obtained from real estate investments	13,069	8,804
Direct operational expenses (including repairs and maintenance) which generate income from rents	(26,940)	(25,153)
Net result from investment property recorded at cost	**(13,870)**	**(16,350)**

9. INTANGIBLE ASSETS

	Patents and licenses	Intangible assets in progress	Total
Costs			
On 1 January 2019	**637,268**	**-**	**637,268**
Additions	-	128,647	128,647
Disposals	-	-	-
Transfers	128,647	(128,647)	-
On 31 December 2019	**765,916**	**-**	**765,916**
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
On 30 September 2020	**765,916**	**-**	**765,916**
Amortisation and impairment			
On 1 January 2019	**430,879**	**-**	**430,879**
Depreciation charge for the year	61,195	-	61,195
Disposal	-	-	-
On 31 December 2019	**492,073**	**-**	**492,073**
Depreciation charge for the year	59,469	-	59,469
Disposal	-	-	-
On 30 September 2020	**551,542**	**-**	**551,542**
Net accounting value			
On 30 September 2020	**214,374**	**-**	**214,374**
On 31 December 2019	**273,842**	**-**	**273,843**
On 1 January 2019	**206,389**	**-**	**206,389**

10. FINANCIAL ASSETS

Name of the company	Nature of the relationship	Year of investment	Percent held on		Fair value of the investment on	
			31 December 2019	30 September 2020	31 December 2019	30 September 2020
Rompetrol Logistics S.R.L.	Long term investment	2002/2003/2007	6,98%	6,98%	8,539,522	8,539,522
Rompetrol Rafinare S.A.*	Long term investment	2003/2004	0,05%	0,05%	1,099,015	1,099,015
Rompetrol Drilling S.R.L.	Long term investment	2014	1%	1%	100	100
Total					9,638,637	9,638,637

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

11. OTHER FINANCIAL ASSETS

	30 September 2020	31 December 2019
Collateral account for guarantee letters with maturity over one year	199,983	-
Specific account for dividends	259,698	83,969
Specific accounts for other guarantee	33,549	29,607
Other financial assets	**493,229**	**113,576**

12. INVENTORIES

	30 September 2020	31 December 2019
Cement and additives	2,912,386	2,491,076
Spare parts equipment	2,164,027	2,105,277
Other inventories	263,067	288,129
Allowance for inventories	(653,840)	(653,840)
Total inventories, net	**4,685,640**	**4,230,641**

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 optimisation quantitative procurement, which explains a variation of inventory value between two acquisitions.

13. TRADE AND OTHER RECEIVABLES

	30 September 2020	31 December 2019
Trade receivables - third parties	10,181,415	13,633,389
Trade receivables with affiliated entities	34,831,285	34,644,196
Allowance for trade receivables – third parties	(1,240,386)	(1,195,931)
Allowance for trade receivables – affiliated entities	(29,867,985)	(29,862,452)
Total trade receivables, net	**13,904,329**	**17,219,203**
Other receivables – third parties	700,358	1,166,108
Other receivables with the affiliated entities	248,288	248,288
Other receivables with state budget	63,354	122,886
Value adjustments for other receivables – third parties	(428,465)	(428,425)
Value adjustments for other receivables – affiliated entities	(235,648)	(235,648)
Total other receivables, net	**347,887**	**873,208**
Total receivables, net	**14,252,215**	**18,092,411**

At the end of the 3th Quarter of 2020, 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.

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 2019	**30,773,482**	**1,488,023**	**32,261,505**
Transfer between category	-	-	-
Charge for the year	53,485	45,336	98,820
Unused amounts, reversed	(24,177)	(247,019)	(271,196)
Amounts written-off	-	(400,672)	(400,672)
Exchange rate differences	-	33,999	33,999
On 31 December 2019	**30,802,789**	**919,667**	**31,722,456**
Transfer between category	-	-	-
Charge for the year	33,950	67,276	101,226
Unused amounts, reversed	(5,723)	(57,182)	(62,904)
Amounts written-off	0	0	0
Exchange rate differences	0	11,707	11,707
On 30 September 2020	**30,831,017**	**941,468**	**31,772,485**

The impairment loss for financial assets evaluated at amortized cost are calculated based on three stage model, using swap for credit risk, internal or external ratings of counterparties and corresponding probability of default. For some trade receivables, the impairment losses are estimated based on simplified approach, recognizing anticipated losses for their entire lifetime.

13. TRADE AND OTHER RECEIVABLES (continued)

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 2020	Current	Total trade receivables < 30 days	31 – 60 days	61- 90 days	91 - 180 days	181 - 360 days	> 360 days	Total
Expected credit loss rate (%)	*2,81%*	*5,81%*	*58,71%*	*57,36%*	*63,06%*	*90,00%*	*100%*	
Estimated total gross carrying amount at default	8,062,790	775,122	138,583	114,106	100,468	146,244	35,675,387	**45,012,700**
Expected credit loss	(29,153)	(7,829)	(33,962)	(45,433)	(22,530)	(64,630)	(30,904,835)	**(31,108,372)**

At 31 December 2019	Current	Total trade receivables < 30 days	31 – 60 days	61- 90 days	91 - 180 days	181 - 360 days	> 360 days	Total
Expected credit loss rate (%)	*2,81%*	*5,81%*	*58,71%*	*57,36%*	*63,06%*	*90,00%*	*100%*	
Estimated total gross carrying amount at default	11,090,378	1,184,048	55,479	49,833	238,434	7,627	35,651,787	**48,277,586**
Expected credit loss	(63,416)	(21,510)	(33,201)	(28,586)	(22,820)	(7,616)	(30,881,234)	**(31,058,383)**

14. OTHER CURRENT ASSETS

	30 September 2020	31 December 2019
Advance expenses for car insurances	63,061	70,031
Advance expenses for "rovigneta"	105,610	112,925
Advance expenses for business insurance	63,879	351,378
Advance expenses for authorisations, transportation licenses, subscriptions, others	210,516	206,649
Other current assets TOTAL	**443,066**	**740,984**

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

15. CASH AND DEPOSITS

	30 September 2020	31 December 2019
Bank accounts in RON	176	13,324
Bank accounts in foreign currency	4,373	12,323
Short term deposits in RON	120,121	118,322
Collateral accounts for letters of guarantee with maturity under 3 months	-	2,047,562
Specific accounts for letters of warranty, other guarantees	3,614,649	-
Petty cash in RON	8,810	5,905
Petty cash in foreign currency	11,585	13,588
Total cash and short-term deposits	**3,759,714**	**2,211,024**

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 20.

In note 19 it is presented the details regarding the company's participation for the first 9 months of the year 2020 to the system for optimisation of cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. The amount available in the principal account on 30 September 2020 was of RON 83,893,628 (as of 31 December 2019: RON 95,622,250), being ready to use without restriction, depending on the necessity.

15. CASH AND DEPOSITS (continued)

15.1 COLLATERAL CASH FOR GUARANTEE LETTERS

The detail of the collateral deposits as at 30 September 2020 for the Letters of Bank Guarantee with maturity between 3 and 12 months is enclosed in the table below:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
26528	S.N.G.N. ROMGAZ S.A.	RON	36,663	17-Mar-21	RON	36,663
LG/00888-02-0667278	OMV PETROM S.A.	RON	1,444,169	11-Mar-21	RON	1,444,169
LG/00888-02-0652907	OMV PETROM S.A.	RON	654,266	22-Jan-21	RON	654,266
LG/00888-02-0647852	OMV PETROM S.A.	EUR	584,376	20-Jan-21	EUR	584,376
LG/00888-02-0647861	OMV PETROM S.A.	EUR	730,470	20-Jan-21	EUR	730,470
LG/00888-02-0647843	OMV PETROM S.A.	EUR	316,537	20-Jan-21	EUR	316,537
LG/00888-02-0691054	OMV PETROM S.A.	EUR	340,886	14-Jan-21	EUR	340,886
LG/00888-02-0703416	OMV PETROM S.A.	RON	1,084,732	20-Jan-21	RON	1,084,732
Total collateral deposits						**5.191.099**
Deposit for dividends payments		RON	5,955	1-Jun-21	RON	5,955
Total collateral deposits with maturity between 3 and 12 months						**5,198,054**

The collateral deposits as at 31 December 2019 had the following components:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
LG/00888-02-0575359	OMV PETROM S.A.	RON	228,670	21-Apr-20	RON	228,670
16201	S.N.G.N. ROMGAZ S.A.	RON	3,105,742	7-Jul-20	RON	3,105,742
LG/00888-02-0618633	OMV PETROM S.A.	RON	134,887	2-Oct-20	RON	134,887
LG/00888-02-0513817	OMV PETROM S.A.	RON	885,098	10-Nov-20	RON	885,098
LG/00888-02-0594034	OMV PETROM S.A.	RON	995,735	16-Jul-20	RON	995,735
Total collateral deposits						**5,350,132**

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 20 June 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 signaled through the repetition of the transacting of the shares, after the increase of the share capital, on September 18th 2008, without undergoing modifications until 30 September 2020.

	30 September 2020	31 December 2019
	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 30 September 2020.

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, 2020, as well as on December 31st, 2019 and is presented in the table below:

	30 September 2020	31 December 2019
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. LEASES

17.1 The right-of-use assets

The statement of the identified assets as of 30 September 2020 is presented in tha table below:

Cost or evaluation	Technical equipment and machinery and other tangible assets	Advances	Total Right of use assets
On 1 January 2019	**888,253**		**888,253**
Additions	-		-
Remeasurement	(87,278)		(87,278)
Transfers	-		-
On 31 December 2019	**800,974**		**800,974**
Additions	611,384	1,297,120	1,908,504
Remeasurement	(64,855)	-	(64,855)
Transfers	-	-	-
On 30 September 2020	**1,347,503**	**1,297,120**	**2,644,623**
Depreciation and impairment			
On 1 January 2019	-		-
Depreciation charge for the year	205,913		205,913
Transfers	-		-
On 31 December 2019	**205,913**		**205,913**
Depreciation charge for the year	232,502		232,502
Transfers	-		-
On 30 September 2020	**438,415**		**438,415**
Net accounting value			
On 30 September 2020	**909,088**	**1,297,120**	**2,206,208**
On 31 December 2019	**595,061**		**595,061**
On 1 January 2019	**888,253**		**888,253**

During the year 2019, the Company has concluded a leasing contract which gives it the right to use a certain number of vehicles, for a period of 4 years from the start of the contract. The Company may exercise the option of extending the initial duration, according to the contractual clauses.

The IFRS 16 standard establishes the moment of the initial recognition of a right-of-use asset concurrently with a debt arising from the lease agreements at the beginning of the roll-out, that is, the date on which a lessor makes available to the lessee, for use, the underlying asset. Due to the fact that the date of making available to the Company the vehicles that are the object of the contract occurred during the first quarter of the financial year 2020, the Company recognized the asset and debt arising from the mentioned contract.

At the beginning of 2020, the Company signed a financial leasing contract which acquires the right to use two production equipment (cement pumping units). The financing contract has a period of 5 years, starting with the date of the goods receipt, the option to buy the goods being expressed at the moment the contract was signed. The value of the assets is in amount of EUR 2,680,000, and the value financed, in the amount of EUR 2,412,000. The Company paid in the first half of the year the advance, as part of the leasing contract, in amount of RON 1,297,120 (equivalent of 10% of assets value, EUR 268,000).

17. LEASES (continued)

17.2 Lease liability

The accounting value of the lease liability and the movements recorded in this category during the first 9 months of the financial year 2020:

	30 September 2020	31 December 2019
At 1 January	**623,644**	**898,084**
Additions during the period	589,886	-
Remeasurement of lease contract	(65,979)	(87,278)
Interest associated to lease liability	19,461	23,171
Principal payments	(218,614)	(229,542)
Exchange rate difference for liability	(22,733)	19,209
Balance	**925,665**	**623,644**

The following expenses represent amounts recognised in profit and loss account in connection to lease contracts:

	9 months 2020	9 months 2019
Depreciation expense of right of use assets	232,502	157,906
Interest expense on lease liability	19,461	17,992
Expense relating to short-term leases	9,282	41,105
Expense relating to leases of low-value assets	4,072	16,385
Variable lease payments	11,045	6,108
Total amounts recognised in profit or loss account	**276,362**	**239,496**

18. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	30 September 2020	31 December 2019
Trade payables - third parties	3,793,684	6,978,199
Trade payables with affiliated entities	944,544	1,532,882
Advance payments and deferred income	26,550	30,073
Salaries	1,219,667	1,435,973
Dividends to be paid	2,660,435	1,769,268
Taxes	412,961	815,511
Other liabilities	56,000	-
Total	**9,113,842**	**12,561,906**

19. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 30 September 2020.

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, reinvoicement 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 rovignete	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
Rominserv S.R.L.	Miscellaneous 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
Rompetrol Quality Control	Laboratory Analysis	Romania	Company member of KMG International Group

Receivables

	Balance on 30 September 2020	Balance on 31 December 2019
KMG Rompetrol SRL	84,165,882	96,014,880
Oilfield Exploration Business Solutions S.A.	4,770,000	4,770,000
Rompetrol Logistics S.R.L.	198,646	18,964
KMG Rompetrol Services Center SRL	742	728
Total	**89,135,270**	**100,804,572**

**) On 30 September 2020, respectively 31 December 2019 Oilfield Exploration Business Solutions SA receivables represents the recoverable amount (see note 13).*

Liabilities

	Balance on 30 September 2020	Balance on 31 December 2019
KMG Rompetrol SRL	418,288	928,356
Rompetrol Downstream S.R.L.	196,604	316,942
KMG Rompetrol Services Center SRL	161,829	285,066
Rominserv SRL	165,280	-
Rompetrol Logistics S.R.L.	1,417	1,417
Global Security Sistem SA	1,125	1,100
Total	**944,544**	**1,532,882**

19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Sales

	9 months 2020	9 months 2019
KMG Rompetrol SRL	2,868,718	2,573,171
Rompetrol Logistics S.R.L.	153,326	138,385
KMG Rompetrol Services Center SRL	5,645	5,539
Oilfield Exploration Business Solutions S.A.	3,614	7,101
Rompetrol Rafinare S.A.	387	799,250
Rompetrol Drilling S.R.L.	265	260
Rominserv SRL	108	0
Total	**3,032,064**	**3,523,706**

Acquisition of goods and services

	9 months 2020	9 months 2019
Rompetrol Downstream S.R.L.	2,033,114	3,771,913
KMG Rompetrol SRL	1,575,130	1,221,343
KMG Rompetrol Services Center SRL	1,323,599	1,351,811
Global Security Sistem SA	15,763	13,063
Rompetrol Quality Control SRL	363	0
Total	**4,947,970**	**6,364,345**

19. 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 "Availabilities in cash pooling system". During the reporting period, the average balance of master account was RON 89,395,556, generating interest in amount of RON 2,868,718. The value of these receivables as of 30 September 2020 was of RON 84,159,330.

Description	Validity term	Contract Date	Maturity Date	Interest rate	Currency	Principal	Interest receivable as of 30 September 2020	Balance existing as of 30 September 2020
Cash Optimization System implementation of The KMG Rompetrol Group companies (cash pooling)	12 months, with automatically extension	15-Sep-14	15-Sep-21	Based on ROBOR OVERNIGHT	RON	Depending on the working capital needs	265,703	83,893,628
Total							**265,703**	**83,893,628**

On 17 October 2019, KMG International NV issued a deed guarantee in favor of the Company for an amount up to 30 million USD, in connection with the current cash pooling contract.

20. COMMITMENTS AND CONTINGECIES

Guarantees to third parties

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.

The detail of the collateral accounts on 30 September 2020 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
16201	S.N.G.N. ROMGAZ S.A.	RON	3,614,649	7-Sep-20	RON	3,614,649
Total short-term collateral deposits						**3,614,649**
28471/25.08.2020	S.N.G.N. ROMGAZ S.A.	RON	199,983	22-Sep-22	RON	199,983
Total long-term collateral deposits						**199,983**

The collateral accounts on 31 December 2019 had the following components:

Number	Beneficiary	Currency	Amount equivalent RON	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
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	191,172	28-Feb-20	EUR	191,172
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	298,850	3-Feb-20	EUR	298,850
Total short-term collateral deposits						**2,047,562**

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.

21. 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 19 (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 2020 would increase / decrease with RON 679.819 (2019: increase / decrease with RON 569.949).

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.

Foreign currency sensitivity

The following tables demonstrate the sensitivity towards a possible reasonable change (5%) of the exchange rate of the USD dollar, EUR and GBP, 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	5%	5%	5%
	RON	USD	EUR	GBP
31 December 2019				
Balance	(81,628)	(60,454)	(21,175)	-
Monetary assets	112,660	71,442	41,218	-
Monetary liabilities	(194,288)	(131,895)	(62,393)	-
30 September 2020				
Balance	(88,774)	(74,994)	(13,701)	(79)
Monetary assets	2,203	697	1,506	0
Monetary liabilities	(90,978)	(75,691)	(15,208)	(79)

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 89% of the total turnover registered for the first 9 months of the financial year 2020. The main contracts with S.C. OMV Petrom SA and S.N.G.N. Romgaz SA are valid until 31 December 2023, respectively 07 September 2022.

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

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 77% of the Company's debt will mature in less than one year at 30 September 2020 (2019: 82%) 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	180,616	1,068,018	2,545,050	-	-	3,793,684
Trade payables with affiliated entities	174,712	769,832	-	-	-	944,544
Lease liabilities	-	86,216	240,099	599,350		925,665
Dividends to be paid	1,291,391	-	-	1,369,045	-	2,660,435
Other liabilities	-	56,000	-	-	-	56,000
Total first 9 months 2020	**1,646,718**	**1,980,066**	**2,785,149**	**1,968,395**	**-**	**8,380,328**

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	325,115	4,878,091	1,774,994	-	-	6,978,199
Trade payables with affiliated entities	397,794	1,135,088	-	-	-	1,532,882
Lease liabilities	-	39,965	156,443	427,236		623,644
Dividends to be paid	400,223	-	-	1,369,045	-	1,769,268
Other liabilities	-	-	-	-	-	-
Total year 2019	**1,123,132**	**6,053,144**	**1,931,437**	**1,796,281**	**-**	**10,903,993**

Administrator,

DOSZHANOV Abzal

Signature
Company stamp

ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,

MOISE Luiza-Roxana
Finance Manager

Signature