ROMPETROL WELL SERVICES SA

STANDALONE FINANCIAL STATEMENTS

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

31 December 2020

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RAPORTUL AUDITORULUI INDEPENDENT
INDEPENDENT AUDITOR'S REPORT

Catre actionarii ROMPETROL WELL SERVICES S.A.
To the Shareholders of ROMPETROL WELL SERVICES S.A.

Raport asupra auditului situatiilor financiare
Report on the Audit of the Financial Statements

Opinia
Opinion

Am auditat situatiile financiare ale societatii Rompetrol Well Services S.A. („Societatea") cu sediul social in Ploiesti, strada Clopotei, Nr. 2 bis, identificata prin codul unic de inregistrare fiscala RO1346607, care cuprind situatia pozitiei financiare la data de 31 decembrie 2020, contul de profit si pierdere, situatia rezultatului global, situatia modificarilor capitalului propriu si situatia fluxurilor de trezorerie pentru exercitiul financiar incheiat la aceasta data si un sumar al politicilor contabile semnificative si alte informatii explicative.
We have audited the financial statements of Rompetrol Well Services S.A. (the Company) with official head office in Ploiesti, Clopotei Street, No. 2 bis, identified by sole fiscal registration number RO1346607, which comprise the statement of financial position as at December 31, 2020, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In opinia noastra, situatiile financiare anexate ofera o imagine fidela si justa a pozitiei financiare a Societatii la data de 31 decembrie 2020, cat si a performantei financiare si a fluxurilor de trezorerie ale acesteia pentru exercitiul financiar incheiat la aceasta data, in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare.
In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Bazele opiniei
Basis for opinion

Noi am efectuat auditul conform Standardelor Internationale de Audit (ISA), Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului din 16 aprilie 2014 („Regulamentul (UE) nr. 537/2014") si Legii nr. 162 /2017 („Legea 162/2017"). Responsabilitatile noastre conform acestor standarde sunt descrise mai detaliat in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru. Suntem independenti fata de Societate conform Codului International de etica al profesionistilor contabili (inclusiv standardele internationale de independenta) emis de Consiliul pentru Standarde Internationale de Etica pentru Contabili (codul IESBA),conform cerintelor etice care sunt relevante pentru auditul situatiilor financiare in Romania, inclusiv Regulamentul (UE) nr. 537/2014 si Legea 162/2017, si ne-am indeplinit responsabilitatile etice conform acestor cerinte si conform Codului IESBA. Consideram ca probele de audit pe care le-am obtinut sunt suficiente si adecvate pentru a constitui baza pentru opinia noastra.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Aspecte cheie de audit
Key audit matters

Aspectele cheie de audit sunt acele aspecte care, in baza rationamentului nostru profesional, au avut cea mai mare importanta pentru auditul situatiilor financiare din perioada curenta. Aceste aspecte au fost abordate in contextul auditului desfasurat asupra situatiilor financiare in ansamblu, si in formarea opiniei noastre asupra acestora, si nu emitem o opinie separata cu privire la aceste aspecte cheie.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pentru fiecare aspect de mai jos, am prezentat in acel context o descriere a modului in care auditul nostru a abordat respectivul aspect.
For each matter below, our description of how our audit addressed the matter is provided in that context.

Am indeplinit responsabilitatile descrise in sectiunea „Responsabilitatile auditorului pentru auditul situatiilor financiare" din raportul nostru, inclusiv in legatura cu aceste aspecte cheie. In consecinta, auditul nostru a inclus efectuarea procedurilor proiectate sa raspunda la evaluarea noastra cu privire la riscul de erori semnificative in cadrul situatiilor financiare. Rezultatele procedurilor noastre de audit, inclusiv ale procedurilor efectuate pentru a aborda aspectele de mai jos, constituie baza pentru opinia noastra de audit asupra situatiilor financiare anexate.
We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Aspecte cheie de audit	Proceduri efectuate de noi pentru abordarea respectivelor aspect
Imobilizari financiare (Instrumente de capital evaluate la valoare justa prin alte elemente ale rezultatului global)	
Imobilizarile financiare ale Societatii reprezinta instrumente de capital evaluate la valoare justa prin alte elemente ale rezultatului global sunt in suma de 8,259 mii lei la 31 December 2020, din care 7,292 mii lei reprezinta investitii in instrumente de capital detinute in entitati ce nu sunt tranzacționate pe o piața activa. Am considerat evaluarea la valoarea justa a investițiilor in instrumente de capital ca fiind un aspect cheie de audit date fiind magnitudinea sumelor implicate, gradul ridicat de subiectivitate al ipotezelor folosite pentru stabilirea valorii juste si raționamente profesionale semnificative folosite de conducere la stabilirea valorii juste a investițiilor financiare in instrumente de capital detinute in entitati ce nu sunt tranzacționate pe o piața activa. Investiția in Rompetrol Logistics S.R.L. este evaluata la valoarea justa si este clasificata ca fiind nivelul 3 in ierarhia de evaluare, pentru care cotații pe o piața activa nu sunt disponibile si valoarea este determinata prin tehnici de evaluare ce utilizează, in general, informații neobservabile. Tehnicile interne de evaluare utilizate pot fi subiective, implicând multiple ipoteze si estimări complexe. La 31 decembrie 2020, Societatea foloseste metoda fluxurilor viitoare de trezorerie pentru a determina valoarea justa a instrumentului de capital, ce presupune folosirea de rationamente semnificative si estimari. Prezentarile Societatii cu privire la imobilizările financiare sunt incluse in Nota 1.3 (Raționamente profesionale semnificative, Estimari si Ipoteze) si Nota 11 (Imobilizari financiare) din situatiile financiare.	Am evaluat analiza efectuata de catre conducere cu privire la valoarea justa a investitiei financiare detinuta intr-o entitate netranzacționata pe o piața activa având o valoare justa de 7.292 mii lei la 31 decembrie 2020. Specific, procedurile noastre de audit au inclus, printre altele: • am analizat estimările cheie ce au fost folosite in estimarea fluxurilor viitoare de trezorerie, prin analiza consecventei acestora cu condițiile specifice industriei, cu informațiile relevante din piața si cu planurile de activitate folosite; • am analizat impactul COVID-19 in fluxurile de numerar • am analizat daca modelul de evaluare utilizat include totii factorii ce ar putea influenta valoarea justa a investitiei la data raportarii; • am implicat specialistii nostri in evaluari pentru a ne oferi suport in analiza anumitor ipoteze folosite (ex. rata de actualizare, coeficient de ajustare pentru lipsa de vandabilitate, coeficient de ajustare pentru pachete minoritare de actiuni) si a tehnicilor de modelare folosite pentru evaluarea investitiei; • am testat acuratetea matematica a modelului folosit la stabilirea valorii juste a investitiei si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara De asemenea, am analizat suficienta prezentarii informatiilor aferente evaluarii instrumentelor de capital evaluate la valoare justa prin alte elemente ale rezultatului global, clasificata ca fiind nivelul 3 in ierarhia tehnicilor de evaluare.

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Key Audit Matter	How our audit addressed the key audit matter
Equity instruments designated at fair value through other comprehensive income (FVOCI)	
Equity instruments at FVOCI have a fair value of RON 8,259 thousand as at 31 December 2020, out of which RON 7,292 thousand represents investment in non-listed entities. We considered the fair value measurement of non-listed equity investments to be significant in our audit due to the magnitude of the amounts involved, the high level of subjectivity in respect of assumptions underlying the fair value assessment and the significant judgements and estimates that need to be made by management over the determination of the fair value of financial assets not quoted in an active market. The investment held in Rompetrol Logistic S.R.L. is carried at fair value within Level 3 fair value hierarchy, for which quoted prices in an active market are unavailable and whose value is determined by internal valuation techniques that generally use non-observable data. Applied internal valuation techniques can be subjective in nature and involve various complex assumptions and estimates. As of 31 December 2020, the Company used Discounted Cash Flow model in order to determine the fair value of the investment, in which significant judgement and estimates are involved. The Company's disclosures about financial instruments (assets) are included in Note 1.3 (Judgements, Estimates and Assumptions) and Note 11 (Financial Investments) to the financial statements.	We evaluated the management's assessment of the fair value of financial assets not quoted in an active market, having a fair value of RON 7,292 thousand as of 31 December 2020. Specifically, our work included, but was not limited to the following procedures: • We analysed the key assumptions used for the future discounted cash flows, by analyzing their consistency with the industry-specific economic environment, relevant available market information and the business plans used; • Assessed the consideration of Covid-19 pandemic impact in the cash flow models; • We evaluated the appropriateness of the valuation model and whether the valuation assessment included all factors that influence the investment at the end of the reporting period; • We involved our valuation specialists to assist us in evaluating specific assumptions applied (i.e. the discount rate, marketability discount, minority discount) and modelling techniques used by the Company for the valuation assessment of the financial asset; • We checked the mathematical accuracy of management's discounted cash flow model for determining the fair value less cost of disposal and its conformity with the requirements of the International Financial Reporting Standards; Furthermore, we assessed the adequacy of the Company's disclosures about Valuation of equity instruments designated at FVOCI categorised within Level 3 of the fair value hierarchy.

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Aspecte cheie de audit	Proceduri efectuate de noi pentru abordarea respectivelor aspecte
Recuperabilitatea valorii contabile a imobilizărilor corporale	
Imobilizarile corporale sunt semnificative pentru procesul de audit datorita valorii nete contabile de 26.656 mii lei la 31 decembrie 2020, din care avansuri si imobilizari corporale in curs de executie 5.356 mii lei. In anul curent, industria serviciilor petroliere a fost puternic afectata de reducerea investițiilor in industria de petrol si gaze (upstream) ca urmare a declinului prelungit al pretului petrolului început în prima parte a anului 2020, avand in vedere si situatia economica generata de pandemia COVID-19. Aceste aspecte au avut un impact semnificativ asupra performantei Societății si, prin urmare, au fost identificate indicii de depreciere a activelor. În conformitate cu Standardele Internaționale de Raportare Financiară, o Societate trebuie să determine, cel putin la finalul fiecarui exercitiu financiar, dacă exista indicii pentru deprecierea activelor sau pentru reluarea unei pierderi de depreciere recunoscute anterior, si daca acestia exista, testarea de depreciere este necesara. Evaluarea existentei unui indiciu de depreciere a unui activ sau daca o pierdere din depreciere poate fi reluata, necesita judecată semnificativa, deoarece implica luarea în considerare a diferitelor surse de informații, inclusiv factorii legați de mediul economic și de factorii specifici industriei. Procesul de evaluare a deprecierii este complex, necesita rationamente semnificative din partea conducerii si se bazeaza pe ipoteze care sunt influentate de conditiile viitoare de piata preconizate, incluzand incertitudinea generata de evolutia COVID-19. La 31 decembrie 2020, conducerea a realizat o analiza a indicatorilor de depreciere si evaluarea deprecierii imobilizărilor corporale ale Societății, care a indicat ca valoarea recuperabila a imobilizarilor corporale este mai mare decat valoarea contabila neta, concluzionând ca nu este necesara înregistrarea unei ajustări de depreciere. Considerand rationamentele si estimarile folosite de conducerea societatii pentru determinarea fluxurilor de numerar viitoare si incertitudinile cu privire la mediul economic curent, recuperabilitatea valorii contabile a imobilizărilor corporale a fost considerata un aspect cheie de audit. Societatea a prezentat concluziile analizei de recuperabilitate a valorii contabile a imobilizarilor corporale in Nota 1.3 (Rationamente profesionale semnificative, Estimari si Ipoteze) si Nota 8 (Imobilizari corporale) din situatiile financiare.	Am evaluat analiza efectuata de catre conducere asupra indicatorilor de depreciere si a deprecierii imobilizarilor corporale. Specific, procedurile noastre de audit au inclus, printre altele: • Am analizat estimările cheie ce au fost folosite in estimarea fluxurilor viitoare de trezorerie, prin analiza consecventei acestora cu condițiile specifice industriei, cu informațiile relevante din piața si cu planul de activitate al Societății, cat si analiza senzitivității sumelor recuperabile la schimbarile in estimarile semnificative; • am evaluat daca modelul analizei de depreciere folosit include toate imobilizarile corporale pentru care exista indicatori de depreciere la data raportarii; • am analizat acuratetea procesului de bugetare al managementului, comparând bugetele si proiectiile trecute cu rezultatele efective din anii precedenti; • am analizat impactul COVID-19 asupra fluxurilor de numerar; • am implicat specialistii nostri in evaluari pentru a ne oferi suport in analiza ratei de actualizare folosite si a metodologiei / modelului folosit de Societate in analiza de depreciere a imobilizărilor corporale; • am testat acuratetea matematica a modelului folosit pentru stabilirea valorii de utilizare a imobilizarilor corporale si conformitatea acestuia cu cerintele Standardelor Internationale de Raportare Financiara. De asemenea, am analizat suficienta prezentarii informatiilor aferente testelor de depreciere in ceea ce priveste imobilizarile corporale.

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Key Audit Matter	How our audit addressed the key audit matter
Recoverability of the carrying value of property, plant and equipment	
Property, plant and equipment are significant to our audit because of the magnitude of the balance sheet position, having a carrying value of RON 26,656 thousand as at 31 December 2020, out of which advances and tangibles assets in progress of RON 5,356 thousand. In the current year, the oilfield services industry has been significantly affected by the reduction of investments in upstream oil & gas that followed the decline in oil and gas prices, which started in the first half of 2020, given also the economic situation generated by the Covid-19 pandemic. These aspects had a significant effect on the Company's performance and therefore impairment indicators were identified. Under the International Financial Reporting Standards, an entity is required to assess at least at each reporting date, whether triggers for potential impairment or reversal of impairment previously recorded exist and, if they exist, an impairment test is required. The assessment of whether there is an indication that an asset may be impaired, or an impairment may be reversed requires significant judgement, as it involves consideration of various sources of information, including factors related to the economic environment and industry specific factors. The impairment assessment process is complex, requires significant management judgments and is based on assumptions that are affected by expected future market conditions including uncertainty around Covid-19 developments. As at 31 December 2020, the management has performed a triggering events analysis and an impairment assessment in respect of the Company's property, plant and equipment which indicated that the recoverable amount was higher than the carrying value, and therefore no impairment adjustment was required. In light of the judgements and estimates used by the management in the determination of future cash flow projections and uncertainties regarding current economic environment this is considered a key audit matter. The Company's disclosures about property, plant and equipment and impairment analysis are included in Note 1.3 (Judgements, Estimates and Assumptions) and Note 8 (Property, Plant and Equipment) to the financial statements.	We evaluated the management's assessment of the triggers for potential impairment as well as the related impairment test performed. Specifically, our audit work included, but was not limited to the following procedures: • We analyzed the key assumptions used for the cash flows projections, by analysing their consistency with the industry-specific economic environment, relevant available market information and the business plans of the Company, as well as the sensitivity analysis of the recoverable amounts to reasonably possible changes in the significant assumptions; • We evaluated if the impairment assessment included all assets for which impairment indicators existed at the end of the reporting period; • We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance and to prior year; • Assessed the consideration of Covid-19 pandemic impact in the cash flow models; • We involved our valuation specialists to assist us in evaluating the discount rate applied and methodologies / models used by the Company for the impairment assessment of property, plant and equipment; • We checked the mathematical accuracy of management's cash flow model for determining the value-in-use and its conformity with the requirements of the International Financial Reporting Standards. Furthermore, we assessed the adequacy of the Company's disclosures about Impairment testing of property, plant and equipment.

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Alte informatii
Other information

Alte informatii includ Raportul administratorilor, dar nu includ situatiile financiare si raportul nostru de audit cu privire la acestea. Conducerea este responsabila pentru alte informatii.
The other information comprises the Administrators' Report, but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Opinia noastra de audit asupra situatiilor financiare nu acopera alte informatii si nu exprimam nicio forma de concluzie de asigurare asupra acestora.
Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In legatura cu auditul efectuat de noi asupra situatiilor financiare, responsabilitatea noastra este de a citi aceste alte informatii si, facand acest lucru, de a analiza daca acestea nu sunt in concordanta, in mod semnificativ, cu situatiile financiare sau cunostintele pe care le-am obtinut in urma auditului sau daca acestea par sa includa erori semnificative. Daca, in baza activitatii desfasurate, ajungem la concluzia ca exista erori semnificative cu privire la aceste alte informatii, noi trebuie sa raportam acest lucru. Nu avem nimic de raportat in acest sens.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsabilitatea conducerii si a persoanelor responsabile cu guvernanta pentru situatiile financiare
Responsibilities of Management and Those Charged with Governance for the Financial Statements

Conducerea Societatii are responsabilitatea intocmirii si prezentarii fidele a situatiilor financiare in conformitate cu Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, si pentru acel control intern pe care conducerea il considera necesar pentru a permite intocmirea de situatii financiare care sunt lipsite de denaturari semnificative, cauzate fie de frauda, fie de eroare.
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

La intocmirea situatiilor financiare, conducerea este responsabila sa evalueze abilitatea Societatii de a-si desfasura activitatea conform principiului continuitatii activitatii si sa prezinte, daca este cazul, aspectele referitoare la continuitatea activitatii si folosirea principiului continuitatii activitatii, mai putin in cazul in care conducerea intentioneaza sa lichideze Societatea sau sa ii inceteze activitatea sau nu are nicio alternativa reala decat sa procedeze astfel.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Persoanele responsabile cu guvernanta au responsabilitatea supravegherii procesului de raportare financiara a Societatii.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsabilitatile auditorului pentru auditul situatiilor financiare
Auditor's Responsibilities for the Audit of the Financial Statements

Obiectivele noastre constau in obtinerea unei asigurari rezonabile privind masura in care situatiile financiare, luate in ansamblu, nu contin denaturari semnificative cauzate de eroare sau frauda si de a emite un raport de audit care sa includa opinia noastra. Asigurarea rezonabila reprezinta un nivel ridicat de asigurare, insa nu este o garantie ca un audit desfasurat in conformitate cu standardele ISA va detecta intotdeauna o denaturare semnificativa, daca aceasta exista. Denaturarile pot fi cauzate fie de frauda fie de eroare si sunt considerate semnificative daca se poate preconiza, in mod rezonabil, ca acestea, atat la nivel individual sau luate in ansamblu, vor influenta deciziile economice ale utilizatorilor luate in baza acestor situatii financiare.
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Ca parte a unui audit in conformitate cu standardele ISA, ne exercitam rationamentul profesional si ne mentinem scepticismul profesional pe intreg parcursul auditului. De asemenea:
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identificam si evaluam riscurile de denaturare semnificativa a situatiilor financiare, cauzate fie de frauda fie de eroare, stabilim si efectuam proceduri de audit care sa raspunda acestor riscuri si obtinem probe de audit suficiente si adecvate pentru a constitui o baza pentru opinia noastra. Riscul de nedetectare a unei denaturari semnificative cauzate de frauda este mai ridicat decat cel de nedetectare a unei denaturari semnificative cauzate de eroare, deoarece frauda poate include complicitate, falsuri, omisiuni intentionate, declaratii false sau evitarea controlului intern.
- *Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control*.

- Intelegem controlul intern relevant pentru audit pentru a stabili procedurile de audit adecvate in circumstantele date, dar nu si in scopul exprimarii unei opinii asupra eficacitatii controlului intern al Societatii.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.*

- Evaluam gradul de adecvare a politicilor contabile utilizate si rezonabilitatea estimarilor contabile si a prezentarilor aferente de informatii realizate de catre conducere.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*

- Concluzionam asupra caracterului adecvat al utilizarii de catre conducere a principiului continuitatii activitatii, si determinam, pe baza probelor de audit obtinute, daca exista o incertitudine semnificativa cu privire la evenimente sau conditii care ar putea genera indoieli semnificative privind capacitatea Societatii de a-si continua activitatea. In cazul in care concluzionam ca exista o incertitudine semnificativa, trebuie sa atragem atentia, in raportul de audit, asupra prezentarilor aferente din situatiile financiare sau, in cazul in care aceste prezentari sunt neadecvate, sa ne modificam opinia. Concluziile noastre se bazeaza pe probele de audit obtinute pana la data raportului nostru de audit. Cu toate acestea, evenimente sau conditii viitoare pot determina ca Societatea sa nu isi mai desfasoare activitatea in baza principiului continuitatii activitatii.
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.*

- Evaluam prezentarea, structura si continutul general al situatiilor financiare, inclusiv al prezentarilor de informatii, si masura in care situatiile financiare reflecta tranzactiile si evenimentele de baza intr-o maniera care realizeaza prezentarea fidela.
- *Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

Comunicam persoanelor responsabile cu guvernanta, printre alte aspecte, obiectivele planificate si programarea in timp a auditului, precum si constatarile semnificative ale auditului, inclusiv orice deficiente semnificative ale controlului intern, pe care le identificam pe parcursul auditului nostru.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

De asemenea, prezentam persoanelor responsabile cu guvernanta o declaratie cu privire la conformitatea noastra cu cerintele etice privind independenta si le comunicam toate relatiile si alte aspecte care pot fi considerate, in mod rezonabil, ca ar putea sa ne afecteze independenta si, unde este cazul, acțiunile întreprinse pentru eliminarea amenințărilor cu privire la independenta sau masurile de protecție aplicate pentru a reduce acele amenințări.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Dintre aspectele pe care le comunicam persoanelor responsabile cu guvernanta, stabilim acele aspecte care au avut cea mai mare importanta in cadrul auditului asupra situatiilor financiare din perioada curenta si, prin urmare, reprezinta aspecte cheie de audit.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
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Raport cu privire la alte cerinte legale si de reglementare
Report on Other Legal and Regulatory Requirements

Raportare asupra unor informatii, altele decat situatiile financiare si raportul nostru de audit asupra acestora
Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon

Pe langa responsabilitatile noastre de raportare conform standardelor ISA si descrise in sectiunea „Alte informatii", referitor la Raportul administratorilor, noi am citit Raportul administratorilor si raportam urmatoarele:

a) in Raportul administratorilor nu am identificat informatii care sa nu fie consecvente, sub toate aspectele semnificative, cu informatiile prezentate in situatiile financiare la data de 31 decembrie 2020, atasate;
b) Raportul administratorilor, identificat mai sus, include, sub toate aspectele semnificative, informatiile cerute de Ordinul Ministrului Finantelor Publice nr. 2844/2016 pentru aprobarea Reglementarilor contabile conforme cu Standardele Internationale de Raportare Financiara, cu modificarile si clarificarile ulterioare, Anexa 1, punctele 15-19;
c) pe baza cunostintelor noastre si a intelegerii dobandite in cursul auditului situatiilor financiare intocmite la data de 31 decembrie 2020 cu privire la Societate si la mediul acesteia, nu am identificat informatii eronate semnificative prezentate in Raportul administratorilor.

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report, we have read the Administrators' Report and report that:

a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2020;
b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 – 19;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at December 31, 2020, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

Alte cerinte privind cuprinsul raportului de audit conform Regulamentului (UE) nr. 537/2014 al Parlamentului European si al Consiliului
Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Numirea si aprobarea auditorului
Appointment and Approval of Auditor

Am fost numiti auditori ai Societatii de catre Adunarea Generala a Actionarilor data de *27 aprilie 2020* pentru a audita situatiile financiare ale exercitiului financiar incheiat la 31 decembrie 2020. Durata totala de misiune continua, inclusiv reinnoirile (prelungirea perioadei pentru care am fost numiti initial) si renumirile anterioare drept auditori a fost de 13 ani, acoperind exercitiile financiare incheiate la 31 decembrie 2008 pana la 31 decembrie 2020.

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

We were appointed as auditors of the Company by the General Meeting of Shareholders on 27 April 2020 to audit the financial statements for the financial year end December 31, 2020. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 13 years, covering the financial periods end 31 December 2008 till December 31, 2020.

Consecventa cu raportul suplimentar adresat Comitetului de Audit
Consistency with Additional Report to the Audit Committee

Opinia noastra de audit asupra situatiilor financiare exprimata in acest raport este in concordanta cu raportul suplimentar adresat Comitetului de Audit al Societatii, pe care l-am emis la data de 17 martie 2021.
Our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 17 March 2021.

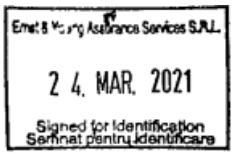
Servicii non-audit
Provision of Non-audit Services

Nu am furnizat Societatii servicii non-audit interzise mentionate la articolul 5 alineatul (1) din Regulamentul (UE) nr. 537/2014 al Parlamentului European si al Consiliului si ramanem independenti fata de Societate pe durata auditului.
Nu am furnizat Societatii si entitatilor controlate de aceasta alte servicii decat cele de audit statutar si cele prezentate in raportul anual si in situatiile financiare.
No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.
In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

In numele,
On behalf of,

Ernst & Young Assurance Services SRL
Bd. Ion Mihalache 15-17, etaj 21, Bucuresti, Romania
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Inregistrat in Registrul Public electronic cu nr. FA77
Registered in the electronic Public Register under No. FA77



Nume Auditor / Partener Asociat: Carmen Spiridon
Name of the Auditor/ Associate Partner: Carmen Spiridon
Inregistrat in Registrul Public electronic cu nr. AF4838
Registered in the electronic Public Register under No. AF4838

Bucuresti, Romania
Bucharest, Romania
24 martie 2021
24 March 2021

Traducerea in limba engleza are doar scop informativ. Traducerea raportului trebuie citita impreuna cu situatiile financiare, luate in ansamblu. In situatiile in care informatiile, punctele de vedere si opiniile sunt susceptibile de interpretare, versiunea originala in limba romana a raportului nostru prevaleaza acestei traduceri.
English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

ROMPETROL WELL SERVICES SA
Stand-alone Financial Statements
Prepared in accordance with
Order of the Minister of Public Finance no. 2844/2016
31 December 2020

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

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Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

ROMPETROL WELL SERVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended as at 31 December 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	2020	2019
Turnover		47,667,818	66,135,769
Revenues from contracts with customers	2	47,249,182	65,678,479
Rental revenues	2.1	418,636	457,290
Other operating income	3.1	928,040	845,392
OPERATING INCOME - TOTAL		**48,595,858**	**66,981,161**
Expenses with consumables		(10,853,051)	(16,784,640)
Power and water expenses		(383,087)	(244,345)
Merchandise expenses		(25,500)	(25,369)
Payroll costs, out of which:	5	(17,484,748)	(19,653,427)
- Salaries		(16,539,435)	(18,749,593)
- Social security contributions		(545,618)	(580,363)
Fixed assets' value adjustments, of which	8,9,10,19	(4,895,712)	(4,883,457)
- Depreciation		(4,895,712)	(4,883,457)
Current assets value adjustment		(157,129)	488,696
Expenses with third-party services	3.2	(12,922,035)	(15,259,154)
Taxes, duties and similar expenses		(658,869)	(638,445)
Provision adjustments, net	18	-	142,389
Other operating expenses	3.3	(333,444)	(986,952)
OPERATING EXPENSES – TOTAL		**(47,713,575)**	**(57,844,704)**
OPERATING RESULT		**882,283**	**9,136,457**
Interest income		3,680,119	4,447,212
- of which, revenues from related parties		3,667,494	4,438,897
Other financial income		419,241	233,300
FINANCIAL INCOME - TOTAL	4.1	**4,099,360**	**4,680,512**
Other financial expenses		(352,129)	(162,380)
FINANCIAL EXPENSES - TOTAL	4.2	**(352,129)**	**(162,380)**
FINANCIAL RESULT		**3,747,231**	**4,518,132**
RESULT BEFORE TAX		**4,629,514**	**13,654,588**
Income tax expense	6	(266,562)	(1,484,481)
RESULT FOR THE YEAR		**4,362,952**	**12,170,108**
Earnings per share	7	**0,0157**	**0,0437**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		**(2,959,784)**	**3,302,116**
Actuarial gain / (losses) relating to retirement benefits		(1,800,752)	686,540
Remeasurement of fair value of equity instruments measured at fair value through other comprehensive income		(1,159,032)	2,615,576
TOTAL COMPREHENSIVE INCOME, net of tax		**1,403,168**	**15,472,224**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

ROMPETROL WELL SERVICES SA
STATEMENT OF FINANCIAL POSITION
For the year ended as at 31 December 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
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	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property, Plant & Equipment	8	26,656,353	26,533,846
Right of use assets	19.1	2,137,506	595,061
Investment property	9	470,005	488,608
Intangible assets	10	195,149	273,843
Equity instruments at FVOCI	11	8,258,837	9,638,637
Other financial assets	12	4,240,893	3,564,490
Total non-current assets		**41,958,743**	**41,094,485**
Current assets			
Inventories, net	13	4,456,063	4,230,641
Trade and other receivables	14	17,048,662	18,092,411
Availabilities in cash pooling system	22	82,419,445	96,010,188
Other current assets	15	679,272	740,984
Collateral cash for guarantee letters	16.1	5,155,274	3,953,298
Cash and deposits	16	151,117	156,944
Total current assets		**109,909,833**	**123,184,466**
Total assets		**151,868,575**	**164,278,951**
Capital and reserves			
Capital			
Share capital, of which:		28,557,446	28,557,446
Subscribed and paid in share capital	17.1	27,819,090	27,819,090
Share capital adjustments	17.2	738,356	738,356
Legal reserves		5,563,818	5,563,818
Other reserves		23,368,155	27,498,620
Retained earnings		58,042,926	56,872,245
Retained earnings IFRS transition		18,041,377	18,041,377
Current result		4,362,952	12,170,108
Total equity		**137,936,674**	**148,703,614**
Long-term liabilities			
Employee benefits liabilities	20	2,354,410	846,201
Deferred tax liabilities	6	648,236	1,118,539
Lease liabilities	19.2	525,365	427,236
Other liabilities		112,394	68,545
Total long-term liabilities		**3,640,405**	**2,460,521**
Current liabilities			
Trade and other payables	21	9,499,264	12,561,905
Income tax payable	6	463,953	356,503
Lease liabilities	19.2	328,279	196,408
Total current liabilities		**10,291,496**	**13,114,816**
Total liabilities		**13,931,901**	**15,575,337**
Total equity and liabilities		**151,868,575**	**164,278,951**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

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 26 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 CHANGES IN EQUITY
For the year ended as at 31 December 2020
(all amounts expressed in Lei ("RON"), unless otherwise specified)

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

For the year ended as at 31 December 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	-	-			(11,404)		(11,404)
Balance at 1 January 2019 Restated	**28,557,446**	**5,563,818**	**23,025,823**	**46,163,721**	**18,041,378**	**16,886,640**	**138,238,826**
Profit distribution	-	-	-	16,886,640		(16,886,640)	-
Dividends	-	-	-	(5,007,435)	-		(5,007,436)
Other movements	-	-	1,170,682	(1,170,682)	-	-	-
Current result	-	-	-	-	-	12,170,108	12,170,108
Other comprehensive income	**-**	**-**	**3,302,116**	**-**	**-**	**-**	**3,302,116**
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	2,615,576	-	-	-	2,615,576
Actuarial gain / (losses) relating to retirement benefits	-	-	686,540		-	-	686,540
Total comprehensive income	**-**	**-**	**3,302,116**	**-**	**-**	**12,170,108**	**15,472,224**
Balance at 31 December 2019 including OCI	**28,557,446**	**5,563,818**	**27,498,620**	**56,872,244**	**18,041,378**	**12,170,108**	**148,703,614**

For the year ended as at 31 December 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**	**56,872,244**	**18,041,378**	**12,170,108**	**148,703,614**
Profit distribution	-	-	-	12,170,108		(12,170,108)	-
Dividends	-	-	-	(12,170,108)	-	-	(12,170,108)
Other movements	-	-	(1,170,682)	1,170,682	-	-	-
Current result	**-**	**-**	**-**	**-**	**-**	**4,362,952**	**4,362,952**
Other comprehensive income	**-**	**-**	**(2,959,784)**	**-**	**-**	**-**	**(2,959,784)**
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	(1,159,032)	-	-	-	(1,159,032)
Actuarial gain / (losses) relating to retirement benefits	-	-	(1,800,752)	-	-	-	(1,800,752)
Total comprehensive income	**-**	**-**	**(2,959,784)**	**-**	**-**	**4,362,952**	**1,403,168**
Balance at 31 December 2020 including OCI	**28,557,446**	**5,563,818**	**23,368,155**	**58,042,926**	**18,041,378**	**4,362,952**	**137,936,675**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

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 26 are part of these financial statements.
English translation is for information purposes only. Romanian language text is the official text for submission.

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
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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. The decrease in other reserves in the amount of RON 1,170,682 represents the cancelation of profit tax exemption for 2019 and which was allocated to reserves at the end of the financial year. In other reserves was presented, by decreasing the value with the amount of RON 1,800,752, the impact from the evolution of the present value provision obligation constituted for the retirement benefits and other similar liabilities related to the personnel generated by the differences between the previous actuarial assumptions and what actually occurred and from the changes in hypothesis. The subsequent valuation of financial assets at fair value, representing investments in equity instruments and for which the Company opted to present the gain or losses in other elements of comprehensive income according to IFRS 9 Financial instruments, has determined an decrease in other reserves with RON 1,159,032.

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, as well as adoption of other mandatory IFRSs.

During the General Ordinary Meeting of the Shareholders from 27 April 2020, it was decided the distribution of the 2019 net profit as dividends in gross amount of RON 12,170,108.

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2020 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
Signed for identification
Semnat pentru identificare

Indirect method

Name of item	31 December 2020	31 December 2019
Cash flows from operating activities:		
Net result before tax	**4,629,514**	**13,654,589**
Adjustments for:		
Depreciation and adjustments related to tangible assets and investment properties	4,505,390	4,616,351
Depreciation and adjustments related to right of use assets	301,916	205,913
Depreciation and adjustments related to intangible assets	78,692	61,193
Impairment for property, plant and equipment	-	-
Provisions for post-employment benefits plans and other provisions	(44,164)	(52,938)
Adjustments for inventory depreciation	105,679	84,348
Allowance for trade and other receivables	51,450	(573,044)
Trade receivables and sundry debtors write off	-	619,998
Earnings from debts write-off (unclaimed dividends)	(609,424)	(679,478)
Interest income, net	(3,643,722)	(4,420,781)
Loss / (profit) from tangible asset sales	(183,980)	(95,621)
Unrealized foreign exchange differences (Gain)/Loss	(186,831)	(115,190)
Operating profit before working capital changes	**5,004,520**	**13,305,339**
Increase / (Decrease) of performance guarantees and dividend payments accounts	(1,878,379)	(2,538,394)
Increase / (Decrease) of trade and other receivables	1,064,584	5,885,799
Decrease / (Increase) of inventories	(331,101)	(777,175)
Increase / (Decrease) of trade and other debts	(1,869,180)	2,748,147
Paid income tax	(657,027)	(1,904,940)
Net cash flow from operating activities	**1,333,417**	**16,718,776**
Cash flows from investments:		
Payments for purchase of tangible and intangible assets	(4,725,664)	(5,456,246)
Receipts from sale of tangible and intangible assets	300,351	179,583
Receipts from reimbursement of loans granted	-	34,300,000
Increase of cash pooling balance	13,456,141	(44,839,484)
Received interest	3,814,721	4,243,523
Net cash from investments	**12,845,549**	**(11,572,624)**
Cash flows from financing activities:		
Payments corresponding to leasing contracts	(1,633,934)	(229,542)
Dividends paid	(12,550,860)	(5,145,399)
Net cash flows from financing activities	**(14,184,794)**	**(5,374,941)**
Net (decrease) / increase of cash and cash equivalents	(5,065)	(230,621)
Net foreign exchange differences	(762)	1,832
Cash and cash equivalents at the beginning of the financial year	156,944	385,733
Cash and cash equivalents at the end of the financial year	**151,117**	**156,944**

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature

Ernst & Young Assurance Services S.R.L.
24. MAR. 2021
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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

The financial statements of **ROMPETROL WELL SERVICES SA** for the financial year ended as at 31 December 2020 are approved according to the resolution of the Board of Directors dated 19 March 2021.

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 joint-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 annual 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.

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

1.2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) The going concern principle

The regional market and demand for well services registered during 2020 a significant drop on the background of effects generated by COVID-19 pandemic, as well as due to a negative trend, registered by the petroleum industry.

The upstream sector was directly impacted by the crude dynamics, quotations volatility for oil products, production reduction measures or suspension of some major exploration and production projects. Additionally count geopolitical tensions (USA, Russia, Saudi Arabia, Iran) and OPEC decisions for limiting or reducing the crude production, Brent quotation in year 2020 being at a level of USD 42 / barrel, 35% down in comparison with USD 64 / barrel recorded in year 2019.

Within the COVID-19 pandemic context, measures for limiting virus spreading and population mobility were reflected in a dramatic and sudden drop of demand for oil products, decreased refining margins, generating overstocks of raw materials and products.

This market context have determined big upstream sector companies to change their strategies and development plans, reduce investments and take other actions like postponing or canceling of some exploration projects, reduction of crude oil production, implementing of programs for cutting costs and staff, measures for maintaining economic sustainability.

Company managed to implement in 2020 some measures and programs for optimizing costs, improving current activities and employees' protection, measures that will also be considered for 2021.

Although in 2021 the market is expected to be still volatile, with a decreased level of new investments from our main customers, the flexibility of the Company in regards to the type of services rendered, together with a strong financial position, including cash availabilities, will allow the operational activity to record a similar level as the one recorded in 2020.

Considering all of the above as well as next year cash flow projections based on existing and renewed commercial contracts, 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 31 December 2020 were, for RON:

	31 December 2020	31 December 2019
1 EUR	4.8694	4.7793
1 USD	3.9660	4.2608

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

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).

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

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
- 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

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.

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.

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

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

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

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

g) Intangible assets

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

- Intangible assets consist mainly of software and licenses and are amortized on a straight-line basis over 3 to 5 years;
- 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) Equity instruments at FVOCI

Equity instruments at FVOCI 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.

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

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) Level 1 - prices quotations (unadjusted) on active markets for identical assets and liabilities, to which the entity has access to at the valuation date
(ii) Level 2 - entry data, other than the price quotations included in level one, which are observed for assets or liabilities, either directly or indirectly
(iii) Level 3 - non-observable entry data for assets or liabilities

Additional details on structure of financial assets, classified according to IFRS 9 in financial assets valued at fair value through other comprehensive income, are presented in Note 11.

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 order to determine the recoverable amount of property, plant and equipment, the Company uses value in use, this being assessed based on estimated future cash flows that are discounted to their present value using a pre-tax discount rate. The discount rate 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.

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

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.

k) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. 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.

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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 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 recognised 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 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 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.

The company has determined for each performance obligation identified at the beginning of the contract whether it will be fulfilled over time or at a specific time. The company collects commercial receivables within 30 - 90 days. Revenue is recorded based on job ticket which is approved by the customer at the end of the well work.

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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 labor 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 20). 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.

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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 outside the profit and loss statement is recognized outside 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.

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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.

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

(i) Carrying value of trade receivables

The Company 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 assesses the requirement for an allowance for impairment in trade and other receivables 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.

(ii) Impairment of property, plant & equipment and investment properties

The Company analyses at each reporting date if there are indicators of impairment of tangible assets and investment properties. If any indication exists, or when annual impairment testing for assets is required, the Company estimates the assets recoverable amount. Assets are analyzed each time when events or changes in market or industry indicates the fact that the accounting value of these assets may not be recoverable. If for these assets allowances for impairment are necessary, the accounting value for these assets is adjusted to the recoverable amount, which is determined as the highest between fair value less cost to sale and the value in use (based on discounted future cash flows). The allowances for impairment are reversed only in the case when the events or circumstances that determined the initial impairment have changed. The discounted cash flows are determined based on Company's management estimation as regards to contracts and future projects concluded at the date of evaluation or estimated to be contracted in the future closely linked to market conditions. Other factors that might lead to changes in estimations could include restructuring plans or changes in legislation.

The recoverable amount is sensitive to the discount rate applied to discounted cash flows, as well as to the inputs of cash flows and the growth rate estimated for the analyzed period.

At the end of financial year 2020, the Company has performed the impairment test for all its tangible assets using the discounted cash flow method. The discounted cash flow method assumes the value of cash-generating units by estimating the present value of the future expected earnings arising from the use of the cash generating unit, using a discount rate. Estimated cash flows were determined taking into account the company's predictions regarding the operating profits for the next seven years, discounted with an estimated economic growth rate of the industry in which the company operates.

The recoverable amount of the CGU of RON 26.6 million was determined based on the value in use (VIU) calculation using the cash flow projections from the approved financial budgets. As a result of the analysis, Management did not identify any impairment for this CGU.

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

Significant estimates applied to the determination of the value in use by the Company are:

- Operating profit margin
- Discount rate

The estimated operating profit margin is presented below:

	2021	2022	2023	2024	2025	2026	2027
	%	%	%	%	%	%	%
Rompetrol Well Services SA	18.75	21.82	24.80	26.49	27.58	28.96	30.41

Operating profit margins are estimated based on the average historical operational results recorded for 2018 – 2020, further revised to reflect the anticipated effects of COVID-19 which might trigger a downturn of CAPEX investments for the Company's main customers.

The discount rate applied in the model was 11.86% and reflects the current assessment of the market risk for Company. The discount rate was estimated based on weighted average cost of capital for the industry. This rate was corrected in order to reflect the market assessment of certain industry risks for which future cash flows were not adjusted.

Sensitivity of estimates

The recoverable amount determined based on value of in use would equal the carrying amount of the property, plant and equipment if operating profits would decrease by 26.23% obtaining the following operating profit margin.

	2021	2022	2023	2024	2025	2026	2027
	%	%	%	%	%	%	%
Rompetrol Well Services SA	13.83	16.10	18.30	19.54	20.34	21.36	22.43

The minimum profitability threshold is obtained by increasing the discount rate from 11.86% to 19.7%.

(iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

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

Valuation techniques used to measure fair value shall be applied consistently. However, a change in a valuation technique or its application (eg a change in its weighting when multiple valuation techniques are used or a change in an adjustment applied to a valuation technique) is appropriate if the change results in a measurement that is equally or more representative of fair value in the circumstances. That might be the case if, for example, any of the following events take place:

(a) new markets develop;
(b) new information becomes available;
(c) information previously used is no longer available;
(d) valuation techniques improve; or
(e) market conditions change.

Set out below is a comparison between the fair value as at 31 December 2020 and as at 31 December 2019:

	Fair Value	
	2020	2019
Rompetrol Rafinare SA*	967,133	1,099,015
Rompetrol Logistics SRL	7,291,604	8,539,522

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

The fair value of the investment in Rompetrol Rafinare SA was determined based on price quotation available on Bucharest Stock Exchange at the reporting date.

The Company has a minority participation of 6.98% in Rompetrol Logistics, a dormant entity part of KMG International N.V Group. Further, Rompetrol Logistics is the sole shareholder of Rompetrol Gas, the LPG distribution company of the KMG International N.V. Group. Rompetrol Gas is a profitable company and according to the forecasted figures for the following 5 years will continue to be profitable.

At the end of financial year 2020, based on new information available, the Company has performed the fair value assessment of the investment in Rompetrol Logistics using the discounted cash flow method.

After performing the fair value assessment as of 31 December 2020, the Company considered necessary to record a loss through other comprehensive income amounting RON 1,159,032, net of tax.

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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES (continued

Description of significant unobservable inputs in valuation

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Non-listed equity investment	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Rompetrol Logistics	DCF method	Discount rate	9.68%	1% increase (decrease) in the WACC would result in a decrease (increase) in fair value by RON 6,658 – decrease; RON 6,837 – increase
Rompetrol Logistics	DCF method	Discount for lack of marketability	20%	5% increase (decrease) in the marketability discounts would result in an increase (decrease) in fair value by RON 112,107
		Minority interest discount rate	15%	5% increase (decrease) in the minority interest discount would result in an increase (decrease) in fair value by RON 84,080
Rompetrol Gas	DCF method	Discount rate	9.71%	1% increase (decrease) in the WACC would result in an increase (decrease) in fair value by RON 80,252 and respectively RON 82,052

Reconciliation of fair value measurement of investments classified as equity instruments designated at fair value through other comprehensive income ('OCI'):

	Rompetrol Rafinare SA	Rompetrol Logistics SRL	Total
1 January 2020	**1,099,015**	**8,539,522**	**9,638,537**
Remeasurement recognized in OCI	(131,882)	(1,247,918)	**(1,379,800)**
31 December 2020:	**967,133**	**7,291,604**	**8,258,737**

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.

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

- **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. Management has estimated that there is no impact on the financial statements by applying the amendments.

- **Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**
  In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provide temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Phase two (ED) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). Management has estimated that there is no impact on the financial statements by applying the amendments.

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

1.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

- **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 1 January 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. 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.

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018 - 2020 (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
  - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - **Annual Improvements 2018-2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

  The amendments have not yet been endorsed by the EU.

- **IFRS 16 – Leases – Covid 19Related Rent Concessions (Amendment)**
  The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
  - Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
  - There is no substantive change to other terms and conditions of the lease.

  Management has assessed and concluded that the updates included in this standard will not impact the financial statements of the Company.

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

- **Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**
  In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management is in progress with the assessment of the impact on the financial statements

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

	2020	2019
Revenue from well services	47,111,434	65,568,842
Revenue from other services	67,767	74,678
Revenue from goods sold	69,981	34,959
Total	**47,249,182**	**65,678,479**

	2020	2019
Export		
Europe	-	2,355,830
Total export	**-**	**2,355,830**
Internal market sales	47,249,182	63,322,649
Total sales	**47,249,182**	**65,678,479**

In year 2020, the activity of the Company experienced a reduction of orders for rendering well services, particularly in the first 10 months. From operational point of view, the Company implemented measures to secure the workforce available in order to honor all orders (such as periodic testing, reduced physical contact between teams). From a commercial point of view, the Company participated to all publicly announced tenders in order to secure activity for the period to come.

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2. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Having in mind the increasing trend of crude quotation and start of COVID-19 vaccination campaign from last quarter, as well as past experience with similar events of crude price sudden drop registered in the past, we expect that in the medium and long-term perspective, the market will recover up to normal conditions.

The Company analyzed the criteria for defining an operational segment according to IFRS 8 Operating segments, and concluded that the business is only one cash generating unit, with one segment.

2.1 RENTAL REVENUES

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

	2020	2019
Revenue from office space rental	400,756	348,485
Revenue from equipment's rental	17,880	108,805
Total	**418,636**	**457,290**

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:

	2020	2019
Other operating income :		
- earnings from debts write-off	609,424	679,478
- earnings from sale of waste	51,380	9,661
- earnings from disposal of fixed assets	183,980	95,621
- earnings from compensations and penalties	24,300	58,021
- other revenues	58,956	2,610
Total	**928,040**	**845,392**

Revenues from the debts write-off in amount of RON 609,424 (2019: RON 679,478) represent mainly the cancellation of unclaimed dividends obligation, which were within the prescription limit and for which the Company has taken all legal steps to settle them. The debts write-off was made based of the Board of Directors decision from 18 December 2020.

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3. OTHER REVENUES AND OTHER EXPENSES (continued)

3.2. Expenses with third-party services

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

	2020	2019
Travel expenses	1,695,557	1,609,939
Maintenance and repair expenses	931,019	1,172,027
Royalties and rental expenses	594,434	456,126
Insurance premiums	707,461	369,634
Postage and telecommunications	74,708	79,403
Bank commissions and similar charges	51,167	53,034
Entertaining, promotion and advertising	19,121	65,765
Commissions and fees	-	2,211
Other third party services, from which:	**9,474,566**	**11,451,016**
Goods transportation services	3,423,583	3,570,214
Well services rendered –by subcontractors	1,057,169	2,766,084
Outsourced activities services	2,913,927	1,870,305
Management services	571,013	1,744,920
Others	614,131	690,097
Security services	650,087	603,598
Consultancy and audit	244,658	205,798
Total	**12,922,035**	**15,259,155**

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 2020, 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 1,057,169 for the financial year ended (2019: RON 2,766,084).

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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:

	2020	2019
Compensations, fines, penalties	8,697	3,261
Amounts or goods granted as sponsorship	297,486	358,651
Write-off trade receivables and sundry debtors	-	619,998
Other operating expenses	27,261	5,042
Total	**333,444**	**986,952**

Write-off trade receivables and sundry debtors recorded in 2019, in amount of RON 619,998, represents the expense generated by finalization of the closure process of the Kazakhstan company branch.

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

	2020	2019
Interest income, from which:	**3,680,119**	**4,447,212**
Income obtained from the entities within the group	3,667,494	4,438,897
Income from exchange rate differences	418,970	230,037
Other financial income	271	3,262
Total financial income	**4,099,360**	**4,680,511**

The line "Income obtained from the entities within the group" in amount of RON 3,667,494 (2019: RON 4,438,897) represents interest revenue from cash-pooling in amount of RON 3,667,494 (2019: RON 3,640,034) and interest generated by the loans granted to Rompetrol Rafinare SA in amount of RON 0 (2019: RON 798,863).

4.2. Financial expenses

	2020	2019
Expenses from exchange rate differences	318,232	111,889
Other financial expenses, out of which	33,897	50,490
Interest expense on the lease liability	28,118	22,765
Total financial expenses	**352,129**	**162,379**

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5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during 2020 and 2019 are as follows:

	2020	2019
Expenses related to salaries and allowances	16,539,435	18,749,593
Other expenses with employees benefits	399,695	323,471
Contributions to special funds	168,499	161,803
Expenses related to the social insurances	377,119	418,560
Total	**17,484,748**	**19,653,427**

The average number of employees decreased from 172 at 31 December 2019 to 158 employees at 31 December 2020.

The average number of employees has evolved as follows:

	2020	2019
Management personnel	3	3
Administrative personnel	19	20
Production personnel	136	149

The Administrators and Managers

During 2020 and 2019, the Company has paid the following allowances to the members of the Board of Directors and to the executive directors:

	2020	2019
The Members of the Board of Directors	359,088	478,873
Executive directors	787,843	745,200
Total	**1,146,931**	**1,224,073**

On 31 December 2020, the Company has had no obligations regarding the payment of the retirement benefits to former members of the Board of Directors and of the executive management.

At the end of 2020, the Company had no advance payments to be reimbursed to the members of the executive management and there were also no guarantees of future obligations taken over by the company under the name of the Managers or Administrators.

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6. INCOME TAX

Main components of income tax expenses for fiscal years ended as of 31 December 2020 and 2019 are:

Statement of profit and loss

	2020	2019
Current income tax:		
Expenses regarding the current income tax	764,477	1,870,655
Deferred income tax		
For the initial registration and continuation of the temporary differences	(497,915)	(386,174)
Expenses regarding the income tax reported in statement of total comprehensive income	**266,562**	**1,484,481**

Reconciliation between the expenses regarding the current income tax and the deferred income tax and the accounting profit is as follows for fiscal years 2020 and 2019:

	2020	2019
Accounting result before tax	4,629,514	13,654,588
At Company's statutory income tax rate of 16% (2018: 16%)	740,722	2,184,734
Effect of value adjustments from non-taxable incomes	-	(92,841)
Effect of value adjustments from items similar to revenues	-	-
Non-deductible expenses for tax computation:		
Allowance for trade receivables and inventories	25,141	(8,956)
Depreciation of tangible assets	19,101	23,476
Other non-deductible expenses	(19,009)	310,202
Reinvested profit	-	(187,309)
Fiscal credit	(153,191)	(358,651)
Effect of fiscal (profit) / loss carried forward	-	-
Expenses with current income tax at effective rate 16% (2019: 16%)	**612,764**	**1,870,655**
Cancellation of fiscal facility related to 2019	187,309	-
Bonus income tax payment according OUG 33/2020	(35,596)	-
Expenses with current income tax reported in statement of profit and loss	**764,477**	**1,870,655**

The General Meeting of Shareholders decided on 27 April 2020 the profit distribution as dividends, and as a result, the Company decided to cancel the fiscal facility for reinvested profit related to 2019.

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6. INCOME TAX (continued)

Deferred income tax

The deferred income tax refers to the following:

	Statement of the financial position		Profit and Loss Statement		Other Comprehensive Income	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revaluation of assets (fair value as deemed cost) with reserve transfer to retained earnings (at transition to IFRS)	(1,042,392)	(1,058,310)	15,918	60,430	-	-
Recognition of right of use assets	(134,462)	(95,210)	(39,252)	(237,330)	-	142,120
Recognition of estimates for retirement benefits	376,706	135,392	489,693	186,919	(248,380)	154,655
Recognition of the provision for Kazakhstan branch liquidation	-	-	-	22,782	-	-
Recognition of lease liability	136,583	99,783	36,800	243,476	-	(143,693)
Fair value valuation of financial assets	(277,437)	(498,205)	-	-	220,768	(498,205)
Recognition of estimate for outstanding vacation days	62,623	93,124	(30,501)	164,676	-	-
Temporary adjustment inventories	121,523	104,614	16,909	13,496	-	-
Temporary adjustment receivables	108,620	100,272	8,348	(68,275)	-	-
(Expenses regarding) /income from the deferred tax	-	-	**497,915**	**386,174**	**(27,612)**	**(345,123)**
Assets regarding the deferred tax	806,055	533,185				
Liabilities regarding the deferred tax	(1,454,291)	(1,651,724)				
Assets / (Liabilities) regarding the deferred tax, net	**(648,236)**	**(1,118,539)**				

The reconciliation of deferred tax payable is as follows:

	2020	2019
Beginning of balance	**1,118,539**	**1,159,590**
Deferred tax expense recognized in profit and loss	(497,915)	(386,174)
Deferred tax expense recognized in other comprehensive income	27,612	345,123
Ending Balance	**648,236**	**1,118,539**

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7. EARNINGS PER SHARE

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

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

	31 December 2020	31 December 2019
Net result attributable to shareholders	4,362,952	12,170,108
Weighted average number of shares	278,190,900	278,190,900
Earnings per share (RON / share)	**0.0157**	**0.0437**

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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8. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings and special constructions	Technical equipment and machinery and other tangible assets	Advances and Tangible assets in progress	Total
Cost					
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	-	23,293	26,712	4,675,659	4,725,664
Disposals	-	(96,107)	(4,268,947)	-	(4,365,054)
Transfers	-	539,858	1,993,299	(2,533,157)	-
On 31 December 2020	**5,585,846**	**7,972,691**	**92,619,295**	**5,355,858**	**111,533,690**
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	-	392,766	4,094,020	-	4,486,787
Disposals	-	(72,080)	(4,176,601)	-	(4,248,681)
Depreciation	-	-	-	-	-
On 31 December 2020	**-**	**3,014,991**	**81,862,346**	**-**	**84,877,339**
Net accounting value					
On 31 December 2020	**5,585,846**	**4,957,701**	**10,756,949**	**5,355,858**	**26,656,351**
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**

A percentage of 88% from the increase recorded during 2020 for plant and equipment, in amount of RON 4.2 million, is represented by the acquisition and / or the upgrade of machinery, equipment and handling tools utilized for well services operations and other preliminary operations.

Approximately 12% from total investments conducted by the company in 2020 were related to rehabilitation and modernization of the headquarter building and replacement of IT equipment.

The Company used own funds in order to finance the budgeted capital expenditure for 2020.

The Company is performing an annual assessment in order to identify potential indicators for impairment of tangible assets, considering specific characteristics of these assets and taking into account estimates of future cash flows generated by the respective assets.

The Company performed an impairment test for tangible assets as of 31 December 2020, which aimed to determine the recoverable amount of the equipment and the production capacities, and concluded there is no need to record any impairment. The recoverable amount of this equipment was determined based on discounted cash flows estimated to be generated by the assets.

All presented tangible assets are the property of the Company.

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9. INVESTMENT PROPERTIES

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

	2020	2019
Initial balance on 1 January	**488,608**	**507,210**
Depreciation expenses	(18,603)	(18,603)
Ending balance on 31 December	**470,005**	**488,608**

	2020	2019
Income from rents obtained from real estate investments	11,951	11,777
Direct operational expenses (including repairs and maintenance) which generate income from rents	(35,920)	(33,538)
Net result from investment property recorded at cost	**(23,969)**	**(21,761)**

As of 31 December 2020, the fair values of the investment properties are based on the fair valuation made as of 31 December 2019 by S.C. Accento Management Consultants SRL, a recognised independent evaluator. During 2020, the real estate market in the area where the properties are located did not varied significantly in order to give a material impact on their fair value.

10. 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 31 December 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	78,693	-	**78,693**
Disposal	-	-	**-**
On 31 December 2020	**570,766**	**-**	**570,766**
Net accounting value			
On 31 December 2020	**195,150**	**-**	**195,150**
On 31 December 2019	**273,842**	**-**	**273,842**
On 1 January 2019	**206,389**	**-**	**206,389**

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11. EQUITY INSTRUMENTS AT FVOCI

Name of the company	Nature of the relationship	Year of investment	Percent held on 31 January 2019	Percent held on 31 December 2020	Fair value of the investment on 31 December 2019	Fair value of the investment on 31 December 2020
Rompetrol Logistics S.R.L.	Long term investment	2002/2003/2007	6.98%	6.98%	8,539,522	7,291,604
Rompetrol Rafinare S.A.*	Long term investment	2003/2004	0.05%	0.05%	1,099,015	967,133
Rompetrol Drilling S.R.L.	Long term investment	2014	1%	1%	100	100
Total					**9,638,637**	**8,258,837**

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

For more details regarding equity instruments at FVOCI please refer to Note 1.3) iii) Fair value of financial instruments.

12. OTHER FINANCIAL ASSETS

	31 December 2020	31 December 2019
Collateral account for guarantee letters with maturity over one year	3,948,400	3,450,914
Specific account for dividends	257,483	83,969
Specific accounts for other guarantee	35,010	29,607
Other financial assets	**4,240,893**	**3,564,490**

The collateral accounts for 2019 were reclassified between lines of financial statements, considering the starting date of the guarantee letters.

The details on the structure of collateral account for guarantee letters with maturity over one year can be found bellow (see details in Note 23):

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
16201	S.N.G.N. ROMGAZ S.A.	RON	3,628,678	12-Jun-17	07-Sep-20	RON	3,628,678
26527/26528	S.N.G.N. ROMGAZ S.A.	RON	48,262	17-Feb-20	17-Mar-21	RON	48,262
28471	S.N.G.N. ROMGAZ S.A.	RON	271,460	02-Sep-20	22-Sep-22	RON	271,460
Total collateral accounts with maturity over one year as of 31 December 2020							**3,948,400**

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
00888-02-0531799	OMV PETROM S.A.	RON	191,172	17-Jan-19	28-Feb-20	RON	191,172
00888-02-0433226	OMV PETROM S.A.	RON	154,000	31-Jan-18	15-Feb-20	RON	154,000
16201	S.N.G.N. ROMGAZ S.A.	RON	3,105,742	12-Jun-17	07-Sep-20	RON	3,105,742
Total collateral accounts with maturity over one year as of 31 December 2019							**3,450,914**

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13. INVENTORIES

	31 December 2020	31 December 2019
Cement and additives	2,813,665	2,491,076
Spare parts equipment	2,142,767	2,105,277
Other inventories	259,150	288,129
Allowance for inventories	(759,519)	(653,840)
Total inventories, net	**4,456,063**	**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.

The presented allowance for inventories is related to inventories with no movement for more than one year.

	Allowance for inventories
On 1 January 2019	**569,492**
Additions	89,017
Used during the year	(4,670)
Exchange rate differences	-
On 31 December 2019	**653,840**
Additions	131,594
Used during the year	(25,915)
On 31 December 2020	**759,519**

14. TRADE AND OTHER RECEIVABLES

	31 December 2020	31 December 2019
Trade receivables - third parties	13,054,705	13,633,389
Trade receivables with affiliated entities	34,652,129	34,644,196
Allowance for trade receivables – third parties	(1,259,090)	(1,195,931)
Allowance for trade receivables – affiliated entities	(29,862,363)	(29,862,452)
Total trade receivables, net	**16,585,381**	**17,219,203**
Other receivables – third parties	770,266	1,166,108
Other receivables with the affiliated entities	248,288	248,288
Other receivables with state budget	108,838	122,886
Value adjustments for other receivables – third parties	(428,463)	(428,425)
Value adjustments for other receivables – affiliated entities	(235,648)	(235,648)
Total other receivables, net	**463,282**	**873,208**
Total receivables, net	**17,048,662**	**18,092,411**

In 2020, respectively in 2019, Oilfield Exploration Business Solutions S.A. receivable (included above in trade receivables with affiliated entities) was adjusted to the level expressed in the Comfort Letter obtained from the majority shareholder KazMunayGas International NV, respectively RON 4,770,000.

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14. TRADE AND OTHER RECEIVABLES (continued)

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	6,239	97,376	**103,614**
Unused amounts, reversed	(13,243)	(38,744)	**(51,987)**
Amounts written-off	-	-	-
Exchange rate differences	-	11,480	**11,480**
On 31 December 2020	**30,795,785**	**989,779**	**31,785,564**

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.

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

		Total trade receivables						
At 31 December 2020	**Current**	**< 30 days**	**31 – 60 days**	**61- 90 days**	**91 - 180 days**	**181 - 360 days**	**> 360 days**	**Total**
Expected credit loss rate (%)	*2.64%*	*12.60%*	*63.82%*	*62.08%*	*60.74%*	*90.00%*	*100%*	-
Estimated total gross carrying amount at default	10,274,077	1,526,086	17,449	19,019	106,407	24,045	35,739,752	**47,706,834**
Expected credit loss	(32,071)	(44,446)	(11,016)	(7,623)	(54,513)	(21,955)	(30,949,830)	**(31,121,453)**

		Total trade receivables						
At 31 December 2019	**Current**	**< 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)**

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15. OTHER CURRENT ASSETS

	31 December 2020	31 December 2019
Advance expenses for car insurance	94,648	70,031
Advance expenses for vignette	110,329	112,925
Advance expenses for business insurance	342,704	351,378
Advance expenses for authorizations, transportation licenses, subscriptions, others	131,591	206,649
Other current assets TOTAL	**679,272**	**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, authorizations, licenses, subscriptions.

16. CASH AND DEPOSITS

	31 December 2020	31 December 2019
Bank accounts in RON	780	6,806
Bank accounts in foreign currency	9,070	12,323
Short term deposits in RON	120,140	118,322
Petty cash in RON	9,933	5,905
Petty cash in foreign currency	11,194	13,588
Total cash and short term deposits	**151,117**	**156,944**

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 were classified depending on the maturity calculated from the starting date of the deposit. (details in Note 12 and 16.1).

In note 22 it is presented the details regarding the company's participation for the year 2020 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 31 December 2020 was of RON 82,166,109 (2019: RON 95,622,250), being ready to use without restriction, depending on the necessity.

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16. CASH AND DEPOSITS (continued)

16.1 COLLATERAL CASH FOR LETTERS OF GUARANTEE

The detail of the collateral deposits as at 31 December 2020 for the Letters of Bank Guarantee with maturity between less than 12 months is enclosed in the table below:

Number	Beneficiary	Currency	Amount equivalent RON	Start Date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
00888-02-0647852	OMV PETROM S.A.	EUR	584,328	20-Jan-20	20-Jan-21	RON	584,328
00888-02-0647861	OMV PETROM S.A.	EUR	730,410	20-Jan-20	20-Jan-21	RON	730,410
00888-02-0667278	OMV PETROM S.A.	RON	1,444,169	26-Mar-20	11-Mar-21	RON	1,444,169
00888-02-0691054	OMV PETROM S.A.	EUR	340,858	20-Jul-20	14-Jan-21	RON	340,858
00888-02-0703416	OMV PETROM S.A.	RON	1,084,732	7-Sep-20	3-Sep-21	RON	1,084,732
00888-02-0647843	OMV PETROM S.A.	EUR	316,511	20-Jan-20	20-Jan-21	RON	316,511
00888-02-0652907	OMV PETROM S.A.	RON	654,266	7-Feb-20	22-Jan-21	RON	654,266
Total collateral deposits							**5,155,274**

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

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
00888-02-0575359	OMV PETROM S.A.	RON	228,670	24-May-19	21-Apr-20	RON	228,670
2	S.N.G.N. ROMGAZ S.A.	RON	6,518	13-Nov-18	15-Mar-19	RON	6,518
00888-02-0569981	OMV PETROM S.A.	EUR	298,850	10-May-19	3-Feb-20	RON	298,850
00888-02-0549334	OMV PETROM S.A.	RON	25,000	8-Mar-19	15-Mar-20	RON	25,000
00888-02-0542082	OMV PETROM S.A.	RON	1,378,540	15-Feb-19	18-Feb-20	RON	1,378,540
00888-02-0618633	OMV PETROM S.A.	RON	134,887	14-Oct-19	2-Oct-20	RON	134,887
00888-02-0632706	OMV PETROM S.A.	RON	885,098	26-Nov-19	10-Nov-20	RON	885,098
00888-02-0594034	OMV PETROM S.A.	RON	995,735	24-Jul-19	16-Jul-20	RON	995,735
Total collateral deposits							**3,953,298**

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17. SHARE CAPITAL

17.1. Subscribed share capital

The last modification of the share capital has been in 2008, when the shareholders have decided, after the general meeting which has taken place on 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 RON 0.10 / 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 18 September 2008, without undergoing modifications until 31 December 2020.

	31 December 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 31 December 2020.

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

17.2. Adjustments on share capital

According to the IAS 29 provisions, the company has adjusted the costs of its purchased investments until 31 December 2003 with the purpose of reflecting the accounting impact in the hyperinflation. The value of the share capital has been increased at 31 December 2012 by RON 166,740,745. This adjustment had no impact over the carried forward distributable profit of the company. In 2013, the general ordinary meeting of shareholders on 30 April 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 31 December 2020, as well as on 31 December 2019 and is presented in the table below:

	31 December 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

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18. PROVISIONS

	Other Provisions for risks and expenses (long term)
On 1 January 2019	**142,389**
Constituted	-
Used during the year	(142,389)
Reclassified	-
On 31 December 2019	**-**
Constituted	-
Used during the year	-
Reclassified	-
On 31 December 2020	**-**

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.

19. LEASES

19.1 The right-of-use assets

The statement of the identified assets as of 31 December 2020 is presented in the table below:

Cost	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	611,628	1,297,120	1,908,748
Remeasurement	(64,358)	-	(64,358)
Transfers	-	-	-
On 31 December 2020	**1,348,214**	**1,297,120**	**2,645,334**
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	301,916		301,916
Transfers	-		-
On 31 December 2020	**507,829**		**507,829**
Net accounting value			
On 31 December 2020	**840,386**	**1,297,120**	**2,137,506**
On 31 December 2019	**595,061**		**595,061**
On 1 January 2019	**888,253**		**888,253**

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19. LEASES (continued)

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 total value of the equipment's being of EUR 2,680,000. 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. The equipment will be delivered during 2021. (Note 23).

19.2 Lease liability

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

	2020	2019
At 1 January	**623,644**	**898,084**
Additions during the period	589,886	-
Remeasurement of lease contract	(64,386)	(87,278)
Interest associated to lease liability	27,701	23,171
Principal payments	(336,814)	(229,542)
Exchange rate difference for liability	13,614	19,209
Balance at 31 December	**853,644**	**623,644**

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

	2020	2019
Depreciation expense of right of use assets	311,630	205,913
Interest expense on lease liability	28,118	23,171
Expense relating to short-term leases	12,692	43,415
Expense relating to leases of low-value assets	4,072	22,340
Variable lease payments	15,739	7,269
Total amounts recognised in profit or loss account	**372,250**	**302,108**

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20. OTHER POST EMPLOYMENT BENEFITS

	2020	2019
Balance at 1 January	**846,202**	**1,288,636**
Included in profit or loss		
Interest expense	5,549	21,631
Service Cost	42,209	67,820
(Gain) / loss on settlement	(91,921)	-
Included in other comprehensive income		
Actuarial loss/(gain)	1,552,372	(531,885)
Balance at 31 December	**2,354,410**	**846,202**

The liabilities regarding pensions and other similar obligations have been determined depending on the provisions of the collective labour contract of the Company, which stipulates the payment of a number of salaries to each employee at retirement, depending on the period of employment. The amount for the provision for benefits to be granted at retirement of RON 2,354,410 has been determined in 2020, based on internal calculation, using the actuarial model. The management has taken into consideration for carrying out the calculation, mainly the fluctuation of the employees, the age of the employees, the estimated mortality rate, the estimated salary costs evolution, discount rates. The provision has been determined by the company and has been updated in the sense of the increase by RON 1,508,208.

Below are the assumptions used for the actuarial computation of post employments benefits provision:

	31 December 2020	31 December 2019
	%	%
The turnover of the personnel in one year	13.95	11.59
The mortality rate for the current year	1.17	1.19
The contribution of the company to the gross salary	3.00	3.00
The inflation rate of the salary	2.31	2.97
The nominal discounting rate (the interest rate for governmental bonds)	2.97	4.65
Real discounting rate	**0.66**	**1.68**

At the end of 2020, the rate for turnover of personnel registered an unfavorable evolution compared to the previous year, in the sense of the increase of about 20%, which confirms the accentuation of one of the problems faced by most of the Romanian companies in recent years - the fluctuation of the workforce.

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20. OTHER POST EMPLOYMENT BENEFITS (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

Assumptions for pension plan:	31 December 2020	31 December 2019
Rate of personnel exits, estimated up to the retirement date		
10% increase	(273,621)	(245,138)
10% decrease	273,621	286,962
Future salary increases		
10% increase	235,441	84,620
10% decrease	(235,441)	(84,620)
Life expectancy of male pensioners		
Increase by 1 year	(21,308)	(20,926)
Decrease by 1 year	37,613	19,074
Life expectancy of female pensioners		
Increase by 1 year	(8,543)	(5,059)
Decrease by 1 year	9,568	5,619
The contribution of the company to the gross salary		
1% increase	22,858	8,216
1% decrease	(22,858)	(8,216)
The nominal discounting rate (the interest rate for governmental bonds)		
1% increase	(291,040)	(95,605)
1% decrease	355,458	114,348

21. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	31 December 2020	31 December 2019
Trade payables - third parties	4,356,225	6,978,199
Trade payables with affiliated entities	1,191,924	1,532,882
Advance payments and deferred income	5,912	30,073
Salaries	1,245,624	1,435,973
Dividends to be paid	1,997,940	1,769,268
Taxes	651,638	815,511
Other liabilities	50,000	-
Total	**9,499,264**	**12,561,906**

The decrease registered in the category of trade payables at the end of the financial year 2020 compared to the previous year is determined both by the timing of the acquisitions made by the Company, at the end of the year, in order to ensure the optimum level of working capital, as well as the necessity and the opportunity to carry out expenses for the modernization and refurbishment of the production equipment.

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22. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 31 December 2020.

Name of the company	Transaction type	Country of origin	The nature of relationship
KMG International NV	Payments of dividends	Holland	Parent Company
Rompetrol Rafinare S.A.	Loans granted, ITP services	Romania	Minority investment of 0.05% of the Rompetrol Rafinare share capital
Rompetrol Logistics S.R.L.	Rental services, ITP services, reinforcement security services	Romania	Minority investment of 6.98%, of the Rompetrol Logistics share capital
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, ITP 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
Rompetrol Quality Control SRL	Laboratory test	Romania	Company member of KMG International Group
Global Security Sistem SA	Security services	Romania	Associate of KMG International Group

Receivables

	31 December 2020	31 December 2019
KMG Rompetrol S.R.L.	82,430,038	96,014,880
Oilfield Exploration Business Solutions S.A.*	4,770,000	4,770,000
Romperol Logistics S.R.L.	20,329	18,964
KMG Rompetrol Services Center S.R.L.	1,484	728
Total	**87,221,851**	**100,804,572**

**) As of 31 December 2020, respectively 31 December 2019 Oilfield Exploration Business Solutions S.A. receivables represents the recoverable amount (see note 14).*

Liabilities

	31 December 2020	31 December 2019
KMG Rompetrol S.R.L.	718,563	928,356
Rompetrol Downstream S.R.L.	200,851	316,942
KMG Rompetrol Services Center S.R.L.	271,386	285,066
Rompetrol Logistics S.R.L.	-	1,417
Global Security Sistem S.A.	1,125	1,100
Total	**1,191,924**	**1,532,882**

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22. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Sales

	2020	2019
KMG Rompetrol S.R.L.	3,667,494	3,640,034
Rompetrol Logistics S.R.L.	204,916	186,517
KMG Rompetrol Services Center S.R.L.	7,545	7,396
Oilfield Exploration Business Solutions S.A.	4,579	8,941
Rompetrol Rafinare S.A.	387	799,250
Rompetrol Drilling S.R.L.	355	348
Rominserv S.R.L.	108	-
Total	**3,885,384**	**4,642,486**

Acquisition of goods and services

	2020	2019
Rompetrol Downstream S.R.L.	2,654,922	4,847,412
KMG Rompetrol S.R.L.	2,295,292	2,202,366
KMG Rompetrol Services Center S.R.L.	1,830,428	1,850,248
Global Security Sistem S.A.	21,045	18,223
Rompetrol Quality Control S.R.L.	1,089	-
Rominserv S.R.L.	-	6,215
Total	**6,802,776**	**8,924,464**

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 87,916,035, generating interest in amount of RON 3,667,494. The value of these receivables as of 31 December 2020 was of RON 82,419,445.

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22. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Description	Validity term	Contract Date	Maturity Date	Interest rate	Currency	Principal	Interest receivable as of 31 December 2019	Balance existing as of 31 December 2019	Interest receivable as of 31 December 2020	Balance existing as of 31 December 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	387,938	95,622,250	253,336	82,166,109
Total							**387,938**	**95,622,250**	**253,336**	**82,166,109**

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.

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23. COMMITMENTS AND CONTINGECIES

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 IFRS 16 standard establishes the moment of the initial recognition of an 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 occurs during the financial year 2021, the Company did not recognized the asset and debt arising from the mentioned contract.

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 31 December 2020 and 2019 for the Letters of Bank Guarantee is enclosed in Note 12 and Note 16.1.

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.

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24. 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 22 (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 31 December 2020 would increase / decrease with RON 894,057 (2019: increase / decrease with RON 789,958).

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, all other variables being maintained constant.

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

	TOTAL RON	5% USD	5% EUR
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)
31 December 2020			
Balance	**(14,421)**	**(57,122)**	**42,702**
Monetary assets	**100,676**	702	99,974
Monetary liabilities	**(115,097)**	(57,824)	(57,273)

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, collections and potential impairments.

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 financial year 2020. The main contracts with S.C. OMV Petrom SA and S.N.G.N. Romgaz SA are valid until 3 January 2024, respectively 7 September 2022.

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24. 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 85% of the Company's debt will mature in less than one year at 31 December 2020 (2019: 88%) 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	516,243	2,848,482	991,500	-	-	4,356,225
Trade payables with affiliated entities	279,679	912,245	-	-	-	1,191,924
Lease liabilities	-	87,359	240,918	525,367		853,644
Dividends to be paid	1,238,319	-	-	759,621	-	1,997,940
Other liabilities	-	50,000	-	-	-	50,000
Total year 2020	**2,034,242**	**3,898,086**	**1,232,418**	**1,284,988**	**-**	**8,449,734**

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**

25. AUDIT EXPENSES

Contractual costs for audit services with the financial auditor for financial year ended 31 December 2020 were in amount of RON 92,470, equivalent of EUR 19,000.

All paid fees refer to auditing services on individual financial statements prepared by the Company in accordance with Order of Minister of Public Finance no. 2844/2016.

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26. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 23 February 2021 the Company sold to a third party a surface of 442 sqm together with a storage shed, both having a carrying amount of RON 24,617. The assets were located on Campina base.

Letter of bank guarantee with number LG/ 00888-02-0691054 having as beneficiary OMV Petrom SA, in amount of EUR 70,000, was issued on 20 July 2020 with maturity date 14 January 2021 and was extended on 6 January 2021 with addendum no.1 until June 30, 2021

Letter of bank guarantee with number LG/ 00888-02-0737559 having as beneficiary OMV Petrom SA, in amount of EUR 53,431, was issued on 7 January 2021 with maturity date January 18, 2022.

Letter of bank guarantee with number LG/ 00888-02-0740162 having as beneficiary OMV Petrom SA, in amount of EUR 100,000, was issued on 18 January 2021 with maturity date 15 January 2022.

Letter of bank guarantee with number LG/ 00888-02-0740171 having as beneficiary OMV Petrom SA, in amount of EUR 120,000, was issued on 18 January 2021 with maturity date 15 January 2022.

Letter of bank guarantee with number LG/ 30495 having as beneficiary S.N.G.N. ROMGAZ S.A. (Romgaz Medias), in amount of RON 12,063.14, was issued on 17 February 2021 with maturity date 17 March 2022.

Letter of bank guarantee with number LG/00888-02-0750347 having as beneficiary OMV Petrom SA, in amount of RON 1,746,324.12, was issued on 3 March 2021 with maturity date 7 March 2022.

On 19 March 2021, the Board of Directors approved the proposal to distribute gross dividends in amount of RON 4,362,951, respectively RON 0.0156833 / share, proposal on which the General Ordinary Meeting of the Shareholders that will take place on 26 April 2021 shall decide.

The Financial Statements from page 1 to page 52 were approved by the Board of Directors in 19 March 2021 and are signed in his name by:

Administrator,
DOSZHANOV Abzal

Signature
Company stamp



Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature