ROMPETROL WELL SERVICES SA

STANDALONE FINANCIAL STATEMENTS UNAUDITED

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

30 September 2021

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ROMPETROL WELL SERVICES SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME UNAUDITED
For the period ended as at 30 September 2021
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	9 months of 2021	9 months of 2020	Quarter 3 2021	Quarter 3 2020
Turnover		**32,002,905**	**35,867,634**	**9,521,020**	**8,992,108**
Revenues from contracts with customers	2	31,708,223	35,570,570	9,424,154	8,882,545
Rental revenues	2.1	294,682	297,064	96,866	109,563
Other operating income	3.1	565,654	316,435	134,472	216,405
OPERATING INCOME - TOTAL		**32,568,559**	**36,184,069**	**9,655,492**	**9,208,513**
Expenses with consumables		(7,651,372)	(8,239,695)	(1,974,389)	(1,836,083)
Power and water expenses		(204,368)	(293,525)	(29,444)	(23,893)
Merchandise expenses		(48,065)	(25,500)	(25,851)	-
Payroll costs, out of which:	5	(12,368,468)	(13,229,590)	(4,153,223)	(4,054,264)
- Salaries		(11,737,365)	(12,636,845)	(3,911,890)	(3,846,991)
- Social security contributions		(386,244)	(413,348)	(124,779)	(128,038)
Fixed assets' value adjustments, of which	7,8,9,17	(3,063,849)	(3,678,385)	(906,235)	(1,213,442)
- Depreciation		(3,063,849)	(3,678,385)	(906,235)	(1,213,442)
Current assets value adjustment		448,964	(38,317)	60,576	(21,106)
Expenses with third-party services	3.2	(8,901,861)	(9,530,134)	(2,906,448)	(2,681,801)
Taxes, duties and similar expenses		(525,482)	(495,136)	(171,317)	(161,768)
Other operating expenses	3.3	(412,352)	(326,044)	(5,624)	(527)
OPERATING EXPENSES – TOTAL		**(32,726,853)**	**(35,856,326)**	**(10,111,955)**	**(9,992,884)**
OPERATING RESULT		**(158,294)**	**327,743**	**(456,463)**	**(784,371)**
Interest income		1,879,518	2,877,446	496,036	852,856
- of which, revenues from related parties		1,875,414	2,868,718	495,655	848,889
Other financial income		255,359	273,826	51,219	162,240
FINANCIAL INCOME - TOTAL	**4.1**	**2,134,877**	**3,151,272**	**547,255**	**1,015,096**
Other financial expenses		(576,156)	(239,208)	(84,836)	(79,472)
FINANCIAL EXPENSES - TOTAL	**4.2**	**(576,156)**	**(239,208)**	**(84,836)**	**(79,472)**
FINANCIAL RESULT		**1,558,721**	**2,912,064**	**462,419**	**935,624**
RESULT BEFORE TAX		**1,400,427**	**3,239,807**	**5,956**	**151,253**
Income tax expense		(125,855)	(488,935)	(15,525)	(937)
RESULT FOR THE YEAR		**1,274,572**	**2,750,872**	**(9,569)**	**150,316**
Earnings per share	6	**0.0046**	**0.0099**	**-**	**0.0005**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		**-**	**-**	**-**	**-**
Actuarial gain / (losses) relating to retirement benefits		-	-	-	-
Remeasurement of fair value of equity instruments measured at fair value through other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME, net of tax		**1,274,572**	**2,750,872**	**(9,569)**	**150,316**

Administrator,
FLOREA Georgian Stefan

Signature

Prepared by,
MOISE Luiza-Roxana
Finance Manager
Signature

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

ROMPETROL WELL SERVICES SA
STATEMENT OF FINANCIAL POSITION UNAUDITED
For the period ended as at 30 September 2021
(all amounts expressed in Lei ("RON"), unless otherwise specified)

	Notes	30 September 2021	31 December 2020
Assets			
Non-current assets			
Property, Plant & Equipment	7	25,340,300	26,656,353
Right of use assets	17.1	1,877,928	2,137,506
Investment property	8	456,053	470,005
Intangible assets	9	137,478	195,149
Equity instruments at FVOCI	10	8,258,837	8,258,837
Other financial assets	11	1,595,542	4,240,893
Total non-current assets		**37,666,138**	**41,958,743**
Current assets			
Inventories, net	12	4,894,932	4,456,063
Trade and other receivables	13	12,952,290	17,048,662
Availabilities in cash pooling system	19	59,412,788	82,419,445
Other current assets	14	452,337	679,272
Collateral cash for guarantee letters	15.1	3,494,783	5,155,274
Cash and deposits	15	156,069	151,117
Total current assets		**81,363,199**	**109,909,833**
Total assets		**119,029,337**	**151,868,575**
Capital and reserves			
Capital			
Share capital, of which:		28,557,446	28,557,446
Subscribed and paid in share capital	16.1	27,819,090	27,819,090
Share capital adjustments	16.2	738,356	738,356
Legal reserves		5,563,818	5,563,818
Other reserves		23,368,155	23,368,155
Retained earnings		28,832,881	58,042,926
Retained earnings IFRS transition		18,041,377	18,041,377
Current result		1,274,572	4,362,952
Total equity		**105,638,249**	**137,936,674**
Long-term liabilities			
Employee benefits liabilities		2,135,825	2,354,410
Deferred tax liabilities		648,236	648,236
Lease liabilities	17.2	269,647	525,365
Other liabilities		80,137	112,394
Total long-term liabilities		**3,133,845**	**3,640,405**
Current liabilities			
Trade and other payables	18	9,728,965	9,499,264
Income tax payable		213,915	463,953
Lease liabilities	17.2	314,363	328,279
Total current liabilities		**10,257,243**	**10,291,496**
Total liabilities		**13,391,088**	**13,931,901**
Total equity and liabilities		**119,029,337**	**151,868,575**

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ROMPETROL WELL SERVICES SA
STATEMENT OF CHANGES IN EQUITY UNAUDITED
For the period ended as at 30 September 2021
(all amounts expressed in Lei ("RON"), unless otherwise specified)

For the period ended as at 30 September 2020	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2020	**28,557,446**	**5,563,818**	**27,498,620**	**56,872,244**	**18,041,378**	**12,170,108**	**148,703,614**
Profit distribution	-	-	-	12,170,108	-	(12,170,108)	-
Dividends	-	-	-	(12,170,108)	-		(12,170,109)
Other movements	-	-	(1,170,682)	1,170,682	-	-	-
Current result	-	-	-	-	-	2,750,872	2,750,872
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-
Actuarial gain / (losses) relating to retirement benefits	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 September 2020 including OCI	**28,557,446**	**5,563,818**	**26,327,939**	**58,042,295**	**18,041,378**	**2,750,872**	**139,284,377**

For the period ended as at 30 September 2021	Share capital	Legal reserves	Other reserves	Retained earnings	Retained earnings IFRS transition	Current result	Total equity
Balance at 1 January 2021	**28,557,446**	**5,563,818**	**23,368,155**	**58,042,925**	**18,041,378**	**4,362,952**	**137,936,674**
Profit distribution	-	-	-	4,362,952	-	(4,362,952)	-
Dividends	-	-	-	(33,572,997)	-	-	(33,572,997)
Other movements	-	-	-	-	-	-	-
Current result	**-**	**-**	**-**	**-**	**-**	1,274,572	1,274,572
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Remeasurement of fair value of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-
Actuarial gain / (losses) relating to retirement benefits	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 September 2021 including OCI	**28,557,446**	**5,563,818**	**23,368,155**	**28,832,880**	**18,041,378**	**1,274,572**	**105,638,249**

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The legal reserve is in amount of RON 5,563,818 (2020: RON 5,563,818). The company constituted the legal reserve in accordance with the provisions of the Romanian trading companies law, which requires at least 5% of the annual company's profit before tax to be transferred to legal reserve until the ending balance of this reserve reaches 20% of the company's share capital.

Other reserves represent reserves constituted on the basis of mandatory legislation, respectively reserves for elements of other comprehensive income.

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

Retained Earnings IFRS transition represent the retained earnings constituted on the first adoption of IAS, less IAS 29, as well as adoption of other mandatory IFRSs.

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Indirect method

Name of item	Period Ended as at 30 September 2021	Ended as at 30 September 2020
Cash flows from operating activities:		
Net result before tax	1,400,427	**3,239,807**
Adjustments for:		
Depreciation and adjustments related to tangible assets and investment properties	2,790,937	3,386,414
Depreciation and adjustments related to right of use assets	206,398	232,502
Depreciation and adjustments related to intangible assets	57,671	59,468
Provisions for post-employment benefits plans and other provisions	(218,585)	-
Adjustments for inventory depreciation	(345,840)	-
Allowance for trade and other receivables	(103,124)	38,317
Trade receivables and sundry debtors write off	52,011	-
Interest income, net	(1,858,635)	(2,849,784)
Loss / (profit) from tangible asset sales	(532,679)	(291,858)
Unrealized foreign exchange differences (Gain)/Loss	347,856	(95,201)
Operating profit before working capital changes	**1,796,437**	**3,719,665**
Increase / (Decrease) of performance guarantees and dividend payments accounts	4,305,842	(3,842,224)
(Increase) / Decrease of trade and other receivables	4,384,581	4,110,417
Decrease / (Increase) of inventories	(3,668)	(454,999)
Increase / (Decrease) of trade and other debts	(2,584,506)	(4,271,623)
Paid income tax	(375,893)	(657,027)
Net cash flow from operating activities	**7,522,794**	**(1,395,793)**
Cash flows from investments:		
Payments for purchase of tangible and intangible assets	(1,608,832)	(2,988,000)
Receipts from sale of tangible and intangible assets	591,219	384,203
Decrease / (Increase) of cash pooling balance	22,913,686	11,733,633
Received interest	1,972,489	2,994,671
Net cash from investments	**23,868,562**	**12,124,508**
Cash flows from financing activities:		
Payments corresponding to leasing contracts	(247,462)	(1,515,734)
Dividends paid	(31,138,941)	(11,278,941)
Net cash flows from financing activities	**(31,386,403)**	**(12,794,675)**
Net (decrease) / increase of cash and cash equivalents	4,170	(2,065,740)
Net foreign exchange differences	782	(219)
Cash and cash equivalents at the beginning of the financial year	151,117	2,214,024
Cash and cash equivalents at the end of the financial year	**156,069**	**145,065**

Administrator,
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1. INFORMATION ON THE ENTITY, ACCOUNTING POLICIES

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

It was turned into a 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.

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

1.2. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

a) The going concern principle

The interim financial statements have been prepared on the basis that the Company will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

b) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

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

The exchange rates used to translate the balances denominated in foreign currency as at 30 September 2021 were, for RON:

	31 December 2020	30 September 2021
1 EUR	4.8694	4.9471
1 USD	3.9660	4.2653

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

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

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).

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 derecognized when:

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

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

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

Offsetting of financial instruments

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

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.

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

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

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

g) Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. 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.

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 10.

i) Impairment of non-financial assets

At each annual 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.

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 recognizes 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 recognizes 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 recognized, 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

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

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes 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 recognized 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 recognized 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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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.

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

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. The defined benefit liability as of reporting date comprises the fair value of the defined benefit obligation and the related service cost recorded in the profit and loss statement. All actuarial gains and losses are fully recognized in other comprehensive income in the period in which they occur for all defined benefit plans. Actuarial gains and losses recognized in other comprehensive income are presented in the statement of comprehensive income.

The Company has no other liabilities with respect to future pension benefits, health and other costs for its employees.

q) Taxes

- *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit and loss statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- *Deferred tax*

Deferred tax is recorded using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

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

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

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

- Where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In case of deductible temporary differences associated with investments in subsidiaries and related parties and interests in joint ventures, the deferred tax asset is recognized only when the temporary differences are likely to be reversed in a foreseeable future and when there can be a taxable profit for which temporary differences may be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced consequently to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted until the end of the reporting period.

Deferred tax relating to items recognized 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.

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

1.3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

1.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2021:

- **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.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Below there is an analysis of Company's revenues:

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Revenue from well services	31,529,975	35,449,446
Revenue from other services	56,617	51,142
Revenue from goods sold	121,631	69,981
Total	**31,708,223**	**35,570,570**

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Export		
Europe	-	-
Total export	**-**	**-**
Internal market sales	31,708,223	35,570,570
Total sales	**31,708,223**	**35,570,570**

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:

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Revenue from office space rental	281,272	283,654
Revenue from equipment's rental	13,410	13,410
Total	**294,682**	**297,064**

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:

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Other operating income:		
- earnings from sale of waste	92,210	-
- earnings from disposal of fixed assets	443,681	291,859
- earnings from compensations and penalties	29,735	24,300
- other revenues	29	276
Total	**565,654**	**316,435**

3.2. Expenses with third-party services

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

	Reported period completed on	
	30 September 2021	30 September 2020
Travel expenses	851,510	817,655
Maintenance and repair expenses	637,198	622,129
Royalties and rental expenses	478,169	344,212
Insurance premiums	479,004	536,125
Postage and telecommunications	40,218	58,447
Bank commissions and similar charges	38,013	47,233
Entertaining, promotion and advertising	112,490	10,294
Commissions and fees	-	-
Other third party services, from which:	**6,265,259**	**7,094,039**
Goods transportation services	2,369,927	2,475,314
Well services rendered by subcontractors	130,372	989,929
Outsourced activities services	1,416,014	1,612,203
Dedicated management assistance and specialized technical consulting services	1,077,219	909,608
Security services	483,416	486,074
Other	550,891	438,799
Consultancy and audit	237,420	172,632
Total	**8,901,861**	**9,530,133**

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.

3. OTHER REVENUES AND OTHER EXPENSES (continued)

3.3. Other operating expenses

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

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Compensations, fines, penalties	6,742	8,201
Amounts or goods granted as sponsorship	-	297,486
Write-off trade receivables and sundry debtors	52,011	-
Destroyed/improper stocks	353,594	-
Other operating expenses	5	20,356
Total	**412,352**	**326,044**

4. FINANCIAL EXPENSES AND REVENUES

4.1. Financial revenues

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Interest income, from which:	**1,879,518**	**2,877,446**
Income obtained from the entities within the group	1,875,414	2,868,718
Income from exchange rate differences	254,720	273,703
Other financial income	639	123
Total financial income	**2,134,877**	**3,151,272**

The line "Income obtained from the entities within the group" in amount of RON 1,875,414 (2020: RON 2,868,718) represents interest revenue from cash-pooling.

4.2. Financial expenses

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Expenses from exchange rate differences	561,376	217,082
Other financial expenses, out of which	14,780	22,126
Interest expense on the lease liability	14,141	21,998
Total financial expenses	**576,156**	**239,208**

5. EXPENSES WITH EMPLOYEES

The expenses with salaries and taxes, recorded during three trimesters of 2021 and 2020 are as follows:

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Expenses related to salaries and allowances	11,737,365	12,636,845
Other expenses with employees benefits	244,859	179,397
Contributions to special funds	117,599	128,983
Expenses related to the social insurances	268,645	284,365
Total	**12,368,468**	**13,229,590**

6. 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:

	30 September 2021	30 September 2020
Net result attributable to shareholders	1,274,572	2,750,872
Weighted average number of shares	278,190,900	278,190,900
Earnings per share (RON / share)	**0.0046**	**0.0099**

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

7. 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 2020	**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**
Additions	-	10	153,655	1,455,167	1,608,832
Disposals	(145,617)	(12,879)	(10,239,304)	-	(10,397,800)
Transfers	-	101,977	1,400,277	(1,502,254)	-
On 30 September 2021	**5,440,229**	**8,061,799**	**83,933,923**	**5,308,771**	**102,744,722**
Depreciation and Impairment					
On 1 January 2020	**-**	**2,694,303**	**81,944,929**	**-**	**84,639,232**
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	**-**	**3,014,989**	**81,862,348**	**-**	**84,877,337**
Depreciation charge for the year	-	334,449	2,442,526	-	2,776,975
Disposals	-	(12,879)	(10,237,011)	-	(10,249,890)
Depreciation	-	-	-	-	-
On 30 September 2021	**-**	**3,336,559**	**74,067,863**	**-**	**77,404,422**
Net accounting value					
On 30 September 2021	**5,440,229**	**4,725,240**	**9,866,060**	**5,308,771**	**25,340,300**
On 31 December 2020	**5,585,846**	**4,957,702**	**10,756,947**	**5,355,858**	**26,656,353**
On 1 January 2020	**5,585,846**	**4,811,344**	**12,923,302**	**3,213,356**	**26,533,846**

All presented tangible assets are the property of the Company.

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. The revenues obtained from the sale were RON 112,116 resulting in a net income of RON 87,499, amounts detailed in Note 3.1.
On 30 March 2021 the Company sold to a third party a surface of 5923 sqm located in Boldesti-Scaeni, having a carrying amount of RON 51,000. The revenues obtained from the sale were RON 129,776 resulting in a net income of RON 76,776, amounts detailed in Note 3.1.
On 21 April 2021 the Company sold to a third party a surface of 1506 sqm located in Targu Mures, having a carrying amount of RON 58,000. The revenues obtained from the sale were RON 187,260 resulting in a net income of RON 129,260, amounts detailed in Note 3.1.
On 14 May 2021 the Company sold to a third party a surface of 1381 sqm located in Tecuci, having a carrying amount of RON 12,000. The revenues obtained from the sale were RON 54,192 resulting in a net income of RON 42,192, amounts detailed in Note 3.1.

8. INVESTMENT PROPERTIES

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

	30.09.2021	31.12.2020
Initial balance on 1 January	**470,005**	**488,608**
Depreciation expenses	(13,952)	(18,603)
Ending balance	**456,053**	**470,005**

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Income from rents obtained from real estate investments	9,008	13,069
Direct operational expenses (including repairs and maintenance) which generate income from rents	(26,940)	(26,940)
Net result from investment property recorded at cost	**(17,932)**	**(13,870)**

9. INTANGIBLE ASSETS

	Patents and licenses	Intangible assets in progress	Total
Costs			
On 1 January 2020	**765,916**	**-**	**765,916**
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
On 31 December 2020	**765,916**	**-**	**765,916**
Additions	-	-	-
Disposals	-	-	-
Transfers	-	-	-
On 30 September 2021	**765,916**	**-**	**765,916**
Amortization and impairment			
On 1 January 2020	**492,073**	**-**	**492,073**
Depreciation charge for the year	78,693	-	78,693
Disposal	-	-	-
On 31 December 2020	**570,766**	**-**	**570,766**
Depreciation charge for the year	57,672	-	57,672
Disposal	-	-	-
On 30 September 2021	**628,438**	**-**	**628,438**
Net accounting value			
On 30 September 2021	**137,478**	**-**	**137,478**
On 31 December 2020	**195,150**	**-**	**195,150**
On 1 January 2020	**273,842**	**-**	**273,842**

10. EQUITY INSTRUMENTS AT FVOCI

Name of the company	Nature of the relationship	Year of investment	Percent held on 31 December 2020	Percent held on 30 September 2021	Fair value of the investment on 31 December 2020	Fair value of the investment on 30 September 2021
Rompetrol Logistics S.R.L.	Long term investment	2002/2003/2007	6.98%	6.98%	7,291,604	7,291,604
Rompetrol Rafinare S.A.*	Long term investment	2003/2004	0.05%	0.05%	967,133	967,133
Rompetrol Drilling S.R.L.	Long term investment	2014	1%	1%	100	100
Total					**8,258,837**	**8,258,837**

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

11. OTHER FINANCIAL ASSETS

	30 September 2021	31 December 2020
Collateral account for guarantee letters with maturity over one year	811,978	3,948,400
Specific account for dividends	755,922	257,483
Specific accounts for other guarantee	27,642	35,010
Other financial assets	**1,595,542**	**4,240,893**

The details on the structure of collateral account for guarantee letters with maturity over one year can be found bellow (see details in Note 20):

Number	Beneficiary	Currency	Amount equivalent RON	Start date	Maturity date	Currency collateral deposit	Collateral deposit equivalent RON
30495	S.N.G.N. ROMGAZ S.A.	RON	52,740	17-Feb-2021	17-Mar-2022	RON	52,740
28471/25.08.2020	S.N.G.N. ROMGAZ S.A.	RON	759,238	2-Sep-2020	22-Sep-2022	RON	759,238
Total collateral accounts with maturity over one year as of 30 September 2021							**811,978**

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**

12. INVENTORIES

	30 September 2021	31 December 2020
Cement and additives	2,915,008	2,813,665
Spare parts equipment	2,109,250	2,142,767
Other inventories	284,353	259,150
Allowance for inventories	(413,679)	(759,519)
Total inventories, net	**4,894,932**	**4,456,063**

The inventories mainly contain cement, additives and spare parts for special equipment. For the items whose procurement process is relatively long, as well for the items whose consumption is dependent on fluctuating demand of our customers, it is applied an optimization quantitative procurement, which explains a variation of inventory value between two acquisitions.
In May 2021, the Company performed the write-off of obsolete inventories in the amount of RON 353,594 (note 3.3). The inventories were provisioned for the amount of RON 345,840, the total impact in financial statements being of RON 7,754.

13. TRADE AND OTHER RECEIVABLES

	30 September 2021	31 December 2020
Trade receivables - third parties	9,230,376	13,054,705
Trade receivables with affiliated entities	34,668,794	34,652,129
Allowance for trade receivables – third parties	(1,168,217)	(1,259,090)
Allowance for trade receivables – affiliated entities	(29,860,127)	(29,862,363)
Total trade receivables, net	**12,870,826**	**16,585,381**
Other receivables – third parties	480,780	770,266
Other receivables with the affiliated entities	236,924	248,288
Other receivables with state budget	27,708	108,838
Value adjustments for other receivables – third parties	(428,463)	(428,463)
Value adjustments for other receivables – affiliated entities	(235,485)	(235,648)
Total other receivables, net	**81,464**	**463,282**
Total receivables, net	**12,952,290**	**17,048,662**

In 2021, respectively in 2020, 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.

Trade receivables are usually collected within 30 to 90 days.

13. TRADE AND OTHER RECEIVABLES (continued)

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

	Individually impaired	Collectively impaired	Total
On 1 January 2020	**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**
Transfer between category	-	-	-
Charge for the year	3,476	41,191	44,668
Unused amounts, reversed	(69,901)	(77,891)	(147,792)
Amounts written-off	-	-	-
Exchange rate differences	-	9,854	9,854
On 30 September 2021	**30,729,360**	**962,933**	**31,692,293**

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 30 September 2021	**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%*	*100.00%*	-
Estimated total gross carrying amount at default	6,503,492	1,394,523	13,709	4,675	198,958	75,943	35,707,870	**43,899,170**
Expected credit loss	(19,771)	(47,795)	(828)	(3,037)	(30,115)	(9,767)	(30,917,031)	**(31,028,344)**

14. OTHER CURRENT ASSETS

	30 September 2021	31 December 2020
Advance expenses for car insurance	55,446	94,648
Advance expenses for vignette	112,798	110,329
Advance expenses for business insurance	62,310	342,704
Advance expenses for authorizations, transportation licenses, subscriptions, others	221,783	131,591
Other current assets TOTAL	**452,337**	**679,272**

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.

15. CASH AND DEPOSITS

	30 September 2021	31 December 2020
Bank accounts in RON	2,104	780
Bank accounts in foreign currency	2,330	9,070
Short term deposits in RON	125,368	120,140
Other monetary assets	4,202	-
Petty cash in RON	10,222	9,933
Petty cash in foreign currency	11,844	11,194
Total cash and short term deposits	**156,069**	**151,117**

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 11 and 15.1).

In note 19 it is presented the details regarding the company's participation for the first quarter of the year 2021 to the system for optimization of cash availability between the companies within KazMunayGas International Group, known as cash pooling concept. The amount available in the principal account on 30 September 2021 was of RON 59,252,423 (31 December 2020: RON 82,166,109), being ready to use without restriction, depending on the necessity.

15. CASH AND DEPOSITS (continued)

15.1 COLLATERAL CASH FOR LETTERS OF GUARANTEE

The detail of the collateral deposits as at 30 September 2021 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
00888-02-0737559	OMV PETROM S.A.	EUR	264,329	7-Jan-2021	18-Jan-2022	RON	264,329
00888-02-0761638	OMV PETROM S.A.	EUR	395,768	8-Apr-2021	14-Jan-2022	RON	395,768
00888-02-0750347	OMV PETROM S.A.	RON	1,746,324	3-Mar-2021	7-Mar-2022	RON	1,746,324
00888-02-0740162	OMV PETROM S.A.	EUR	494,710	18-Jan-2021	15-Jan-2022	RON	494,710
00888-02-0740171	OMV PETROM S.A.	EUR	593,652	18-Jan-2021	15-Jan-2022	RON	593,652
Total collateral deposits							**3,494,783**

The collateral deposits as at 31 December 2020 had the following components:

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**

16. SHARE CAPITAL

16.1 Subscribed share capital

The last modification of the share capital has been in 2008, when the shareholders have decided, after the general meeting which has taken place on 20 June 2008, to increase the share capital of the company by the amount of RON 13,909,545, from RON 13,909,545 up to RON 27,819,090, through issuing, for free, of a number of 139,095,450 new shares with a nominal value of 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 finalization 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 30 Septembrie 2021.

	30 Septembrie 2021	31 December 2020
	Number	*Number*
Subscribed capital, ordinary shares	278,190,900	278,190,900
	RON	*RON*
Nominal value, ordinary shares	0.1	0.1
	RON	*RON*
Value of the share capital	27,819,090	27,819,090

The share capital of the company is totally paid in on 30 September 2021.

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

16.2 Adjustments on share capital

According to the IAS 29 provisions, the company has adjusted the costs of its purchased investments until 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 30 September 2021 and is presented in the table below:

	30 September 2021	31 December 2020
Share capital, from which:	28,557,446	28,557,446
Paid-in share capital	27,819,090	27,819,090
The adjustment of the share capital	738,356	738,356

17. LEASES

17.1 The right-of-use assets

The statement of the identified assets as of 30 September 2021 is presented in the table below:

Cost	Technical equipment and machinery and other tangible assets	Advances	Total Right of use assets
On 1 January 2020	**800,974**	**-**	**800,974**
Additions	611,628	1,297,120	1,908,748
Remeasurement	(64,388)	-	(64,388)
Transfers	-	-	-
On 31 December 2020	**1,348,214**	**1,297,120**	**2,645,334**
Additions	-	-	-
Remeasurement	(53,179)	-	(53,179)
Transfers	-	-	-
On 30 September 2021	**1,295,035**	**1,297,120**	**2,592,155**
Depreciation and impairment			
On 1 January 2020	**205,913**	**-**	**205,913**
Depreciation charge for the year	301,916	-	301,916
Transfers	-	-	-
On 31 December 2020	**507,829**	**-**	**507,829**
Depreciation charge for the year	206,398	-	206,398
Transfers	-	-	-
On 30 September 2021	**714,227**	**-**	**714,227**
Net accounting value			
On 30 September 2021	**540,808**	**1,297,120**	**1,877,928**
On 31 December 2020	**840,386**	**1,297,120**	**2,137,506**
On 1 January 2020	**595,061**	**-**	**595,061**

17. 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 at the end of 2021. (Note 20).

17.2 Lease liability

The accounting value of the lease liability and the movements recorded in this category during the first 9 months of the year 2021:

	30 September 2021	31 December 2020
At 1 January	**853,644**	**623,644**
Additions during the period	-	589,886
Remeasurement of lease contract	(47,773)	(64,386)
Interest associated to lease liability	14,141	27,701
Principal payments	(247,462)	(336,814)
Exchange rate difference for liability	11,460	13,614
Balance	**584,010**	**853,644**

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

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Depreciation expense of right of use assets	215,261	232,502
Interest expense on lease liability	14,141	19,461
Expense relating to short-term leases	16,487	9,282
Expense relating to leases of low-value assets	-	4,072
Variable lease payments	9,567	11,045
Total amounts recognised in profit or loss account	**255,456**	**276,362**

18. TRADE PAYABLES AND SIMILAR LIABILITIES (CURRENT)

	30 September 2021	31 December 2020
Trade payables - third parties	3,010,782	4,356,225
Trade payables with affiliated entities	902,240	1,191,924
Advance payments and deferred income	-	5,912
Salaries	1,079,228	1,245,624
Dividends to be paid	4,431,997	1,997,940
Taxes	297,070	651,638
Other liabilities	7,648	50,000
Total	**9,728,965**	**9,499,264**

19. PRESENTATION OF THE AFFILIATED PARTIES

The following tables present information on transactions with companies under common control of KazMunayGas Group as of 30 September 2021.

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

	30 September 2021	31 December 2020
KMG Rompetrol S.R.L.	59,412,787	82,430,038
Oilfield Exploration Business Solutions S.A.*	4,770,000	4,770,000
Romperol Logistics S.R.L.	38,602	20,329
KMG Rompetrol Services Center S.R.L.	1,505	1,484
Total	**64,222,894**	**87,221,851**

**) As of 30 September 2021, respectively 31 December 2020 Oilfield Exploration Business Solutions S.A. receivables represents the recoverable amount (see note 13).*

Liabilities

	30 September 2021	31 December 2020
KMG Rompetrol S.R.L.	524,294	718,563
Rompetrol Downstream S.R.L.	211,088	200,851
KMG Rompetrol Services Center S.R.L.	165,733	271,386
Global Security Sistem S.A.	1,125	1,125
Total	**902,240**	**1,191,924**

19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Sales

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
KMG Rompetrol S.R.L.	1,875,414	2,868,718
Rompetrol Logistics S.R.L.	151,572	153,326
KMG Rompetrol Services Center S.R.L.	5,748	5,645
Oilfield Exploration Business Solutions S.A.	2,792	3,614
Rompetrol Rafinare S.A.	155	387
Rompetrol Drilling S.R.L.	270	265
Rominserv S.R.L.	-	108
Total	**2,035,951**	**3,032,064**

Acquisition of goods and services

	Reported period completed on September 30th 2021	Reported period completed on September 30th 2020
Rompetrol Downstream S.R.L.	2,218,759	2,033,114
KMG Rompetrol S.R.L.	1,782,756	1,575,130
KMG Rompetrol Services Center S.R.L.	1,172,211	1,323,599
Global Security Sistem S.A.	15,888	15,763
Rompetrol Quality Control S.R.L.	363	363
Total	**5,189,976**	**4,947,970**

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 77,390,313, generating interest in amount of RON 1,875,414. The value of these receivables as of 30 September 2021 was of RON 59,412,788.

19. PRESENTATION OF THE AFFILIATED PARTIES (continued)

Description	Validity term	Contract Date	Maturity Date	Interest rate	Currency	Principal	Interest receivable as of 31 December 2020	Balance existing as of 31 December 2020	Interest receivable as of 30 September 2021	Balance existing as of 30 September 2021
Cash Optimization System implementation of The KMG Rompetrol Group companies (cash pooling)	12 months, with automatically extension	15-Sep-14	15-Sep-22	Based on ROBOR OVERNIGHT	RON	Depending on the working capital needs	253,336	82,166,109	160,365	59,252,423
Total							**253,336**	**82,166,109**	**160,365**	**59,252,423**

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

20. COMMITMENTS AND CONTINGECIES

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 30 September 2021 and 31 December 2020 for the Letters of Bank Guarantee is enclosed in Note 11 and Note 15.1.

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.

21. OBJECTIVES AND POLICIES FOR THE FINANCIAL RISK MANAGEMENT

The risk of the interest rate

- Loans received: the company is not being involved in any loan contract and therefore not exposed to risks regarding the movement of the interest rate;
- Loan granted: for the loans granted presented in note 19 (Availabilities in cash pooling system), the income from interest varies, depending on OVERNIGHT ROBOR.

If interest rates would have varied with + / - 1 percent and all other variable would have been constant, the net result of the Company as of 30 September 2021 would increase / decrease with RON 598,266 (2020: increase / decrease with RON 679,819).

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	**5%**	**5%**	**5%**
	RON	**USD**	**EUR**	**GRP**
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)	-
30 September 2021				
Balance	**(72,072)**	**(52,711)**	**(19,276)**	**(85)**
Monetary assets	1,784	605	1,179	-
Monetary liabilities	(73,856)	(53,316)	(20,455)	(85)

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 85% of the total turnover registered for the first 9 months of the year 2021. 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.

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

Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the efficient use of working capital. At 30 September 2021, approximately 88% of the Company's debt will mature in less than one year (31 December 2020: 85%) 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	2,317,991	610,978	81,813	-	-	3,010,782
Trade payables with affiliated entities	-	902,240	-	-	-	902,240
Lease liabilities	-	52,978	261,385	269,647	-	584,010
Dividends to be paid	3,624,501	-	-	807,496	-	4,431,997
Other liabilities	-	7,648	-	-	-	7,648
Total 30 September 2021	**5,942,492**	**1,573,844**	**343,198**	**1,077,143**	**-**	**8,936,677**

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 31 December 2020	**2,034,242**	**3,898,086**	**1,232,418**	**1,284,988**	**-**	**8,449,734**

22. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Letter of bank guarantee with number LG/ 34741 having as beneficiary SNGN ROMGAZ SA, in amount of RON 12,020.91, was issued on October 07, 2021 with maturity date July 05, 2022.
Letter of bank guarantee with number LG/ 00888-02-0814163 having as beneficiary OMV Petrom SA, in amount of EUR 55,023, was issued on November 05, 2021 with maturity date November 11, 2022.

Administrator,
FLOREA Georgian Stefan

Signature

Prepared by,
MOISE Luiza-Roxana
Finance Manager

Signature