rompetrol | KazMunayGas Group Member

ROMPETROL WELL SERVICES S.A.
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ANNUAL REPORT
OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR 2015

drawn up according to the Law no. 297/2004 on the capital market and the National Securities Commission (C.N.V.M.) Regulation no. 1/2006 on issuers of securities and securities operations

Commercial Company
ROMPETROL WELL SERVICES S.A.

Head office:	**Ploieşti - Clopoţei Street no. 2 bis**
Phone:	**0244/544321, 0244/544101**
Fax:	**0244/522913**
Tax Identification Number:	**RO 1346607**
Unique Company Registration Number:	**J29/110/05.03.1991**
Trading market:	**BUCHAREST STOCK EXCHANGE**
Subscribed and paid-up share capital:	**27,819,090 lei**

The main characteristics of the securities issued by the company

No. of shares:	**278,190,900**
Nominal value (lei/share):	**0.10 lei**
Class and type of securities:	**"A" nominative**

1. The activity analysis of the Commercial Company "ROMPETROL WELL SERVICES" S.A.

In 2015 the operational and financial results of Rompetrol Well Services were severely affected by the drastic drop of crude oil price, with almost 60% lower than last year average, which lead to the drop of well services revenues with 43%.

As a response to the deteriorating market fundamentals, the company has promptly applied measures to redirect operational capacities in accordance with the continuous changing structure of demand, maintaining a competitive position in Romania and significantly reducing costs, while simultaneously reducing investments.

While during 2015 the financial indicators of the operational activity were considerably lower to those of last year, the implemented measures during 2015 have allowed the maintaining of a solid financial position and obtaining a financial profit from efficient cash managing.

The gross profit (EBT) without the special nonrecurring elements is a loss in the amount of 1,211 thou lei.
The outstanding elements that have led to the recorded loss in 2015 are synthetically presented below:

- the increase of provisions in order to sustain the prudent policy of presenting the receivables. The analysis of the related transactions was done punctually, the additional value of 23,363 thou lei being related to a single contract;

- the process of closing the Kazakhstan branch with partial relocation of assets and provisioning those which can be locally valued, with the recognition of a negative effect in amount of 707 thou lei.

- Impairment in amount of 3,540 thou lei.

Specification	thou lei
Turnover	49,975
Operational expenses	(41,715)
Operational profit	8,260
Current overhead expenses	(9,778)
Effect of adjusting provisions for:	
receivables	(1,758)
inventory	34
commercial contractual penalties	(317)
CLA employee benefits	628
Financial profit	1,720
Gross profit (EBT) without the special nonrecurring elements	(1,211)
Effect of nonrecurring elements	(27,610)
Gross result (EBT)	(28,821)

1.1. a) The description of the commercial company main activity;
Benefiting of over 60 years of experience, ROMPETROL WELL SERVICES S.A. is a competitive, solid and reliable partner, offering a wide range of services in the field of petroleum upstream industry.
Object of activity of the company consists of: provision of services for oil and gas wells, rental of oil well tools and equipment and other services. The well services provided include cementing, stimulation, consolidation and sand control services, testing, slick-line, tubular running operations in oil and gas fields in Romania and abroad.
Annually, the company cements an average of 200 casing strings and liners, at depths between 500 m and 4,500 m, performs consolidation and sand control operations for oil and gas wells and performs slick-line and tubular running services for strings and liners -for all clients from Romania.
For the optimization of the activities, the company also offers a rental service for its drilling tools.
The main activity of the company was actually affected by the global economic climate in the oil and gas industry, the determining factor being the drastic decrease in crude oil prices.

b) The specification of the incorporation date of the commercial company;
The Company Rompetrol Well Services S.A. was incorporated in 1951 and during the 65 years of activity, although it functioned under different structures and different denominations, the main profile was the provision of special well services in Romania.
By the Government Decision no. 1213 from November 1990, according to the Law no. 15/1990, the company was transformed into a joint stock company, under the denomination of S.C. PETROS S.A., under which it functioned until September 2001, when it changed the denomination in S.C. ROMPETROL WELL SERVICES S.A.

c) The description of any significant merger or reorganization of the commercial company, of its subsidiaries and controlled companies, during the financial year;
Not applicable.

d) The description of asset purchases and/or disposals;
The primary goal of the investment program for 2015 was the upgrade of the processes, the improvement of the equipment performances and well services competitiveness. Among the objectives, put into operation in 2015, amounting to 5,111,738 lei, is to be mentioned: cementing pump trucks with two lines, tractor unit, stainless steel tanks, drilling tools and special devices.
Fixed assets under execution, outstanding at 31.12.2015, amounting to 1,700,654 lei, primarily included the following: cement slurry mixer, stainless steel tanks, components for upgrading pumping units.
The financing of all the mentioned objectives was made from own sources.

e) The description of the main results of the company activity assessment.

1.1.1. General assessment factors:
a) *rezult;*
Between 2002 -2014 the company reported profit, 2015 being characterized by recording a loss worth of 29,622,639 lei.

b) turnover;
The turnover for the year 2015: 49,975,025 lei
The well services market in Romania was negatively impacted during 2015 by the significant reduction of operational and investment plans of our customers, determined by the sharp decrease of crude oil price. The delay in investment programs due to decrease of crude oil, lead to a dramatic drop in drilling projects with direct consequences on well services, which is the main activity of the Company.

c) export;
The value of the exports over the year 2015 totalizes the equivalent of 101,254 lei.

d) costs;
The evolution of costs for the period 2013 – 2015:

-lei

Specification	2013	2014	2015
Operating expenses	81,816,736	80,060,525	80,642,424
Expenses with materials, merchandise, consumables and utilities	29,726,165	19,609,159	10,970,829
Employee benefits expenses	27,310,967	25,918,725	21,205,208
Depreciation, amortization and impairment	10,043,214	9,436,852	7,831,801
Other operating expenses	14,736,390	25,095,789	40,634,586
from which:			
Impairment	242,473	32,240	3,540,000
Adjustment circulating assets	(864,622)	6,641,080	25,794,644
Other provisions	317,595	635,118	(2,286,832)
Finance costs	778,805	991,107	1,560,437
from which: FOREX	1,031,126	944,104	1,603,945

e) % of the market held;
In Romania the company holds market shares varying from 15% to 55% for different types of well services provided.

f) liquidity (cash account, etc).
The current liquidity indicator's evolution (7.10 in 2013, 7.16 in 2014, respectively 9,64 in 2015) supports the company cash flow management insuring the continuity of the commercial transactions from own sources.

1.1.2. The assessment of the technical level of the commercial company
Description of the main services rendered
The main services performed by the company ROMPETROL WELL SERVICES are as follows:

- **Operations performed with Cementing pump trucks** such as:

casing cementing, secondary cementing, fracturing, sand-control, surface treatments, acidizing, killing of wells, well circulations, milling works and fluid displacements, well interventions, miscellaneous pumping.

- **Operations with Bulk Trucks and Sand Blenders**:

transportation and handling of powder materials, mixtures and blends, operations at the well site

- **Operations with tank trucks:**

fluids transportation and handling (mud, crude-oil, acid solutions and emulsions, formation water etc.); operations at the well site (acidizing, fracturing, sand-control, cementing, pumping)

- **Operations with liquid nitrogen:**

Putting into production; nitrogen fracturing; foam acidizing; pressure tests of tubular material, manifolds, BOPs, etc.

- **Operations with Slick line units;**
- **Casing and liner running operations;**
- **Tool and equipment rental of handling and fishing tools;**
- **On-site or laboratory cement testing;**
- **Well and Drill stem testing operations**

a) main markets for each product or service and distribution methods;
The company ROMPETROL WELL SERVICES maintained its position on *the domestic market* being continuously interested in the improvement of the quality of the rendered services. Having operational capacities spread all over the country, as well as qualified and well prepared labor force in the field of oil and gas well services, ROMPETROL WELL SERVICES promptly provides the services requested by its customers, regardless of the location within the territory.
On the *external market,* the company provided over the year 2015 well services in Bulgaria and Hungary.

The share of each service category within the operating incomes, as well as within the turnover, for the years 2013, 2014, 2015 is described in **annex no 1-a, respectively 1-b.**

c) new product envisaged to which a large volume of assets will be allocated during the next financial year and products' development stage.
The equipment modernization program was focused on updating the technologies for well stimulation and cementing services, respectively on casing running services and acidizing.
The endowment of cementing pump trucks with new high pressure lines is in line with the current industry safety requirements.

1.1.3. The assessment of the procurement activity (domestic and import)
Information about the security of supply and the prices of the raw materials and the size of the raw material and other materials stocks.
The main types of materials necessary to perform the company's activity are: spare parts for vehicles and operational equipment, fuels and lubricants, tires and accumulators, as well as cement and additives.
As *beneficiary,* our company concluded sale-purchase agreements for fuel, spare parts and other materials suppliers, as follows: S.C. ROMPETROL DOWNSTREAM SRL, S.C. UPETROM S.A. PLOIEŞTI, SICET SERVICES, S.C. CONFIND CÂMPINA, ADASI MORAVA, AUBIN, S.C. GEOMET INDUSTRIAL SRL, DYCKERKOFF AKTIENGESELLSCHAFT, S.C. MULTISUD PROD SRL, ELKEM AS MATERIALS, BEGA MINERAL INDUSTRIAL S.A., ANGHELOIU TRANS S.R.L. as well as with service providers specialized in equipment repairs and maintenance.
The suppliers are selected according to the company's procedures and they are continuously assessed in terms of reliability and stability.
The levels of the raw material and spare part stocks usually guarantees the continuity of activity for 10 days. The purchase prices are the market prices level.

1.1.4. The assessment of the selling activity
a) The description of the sales sequential evolution on the national and/or external market and the medium and long term sales perspectives.

The revenues evolution is showed in the following table:

-lei

	2013	2014	2015
Sales per activities:	111,109,482	88,034,179	49,975,025
• Revenues from services rendered	109,109,852	86,884,769	49,917,461
• Revenues from sales of commodities	1,999,630	1,149,410	57,564

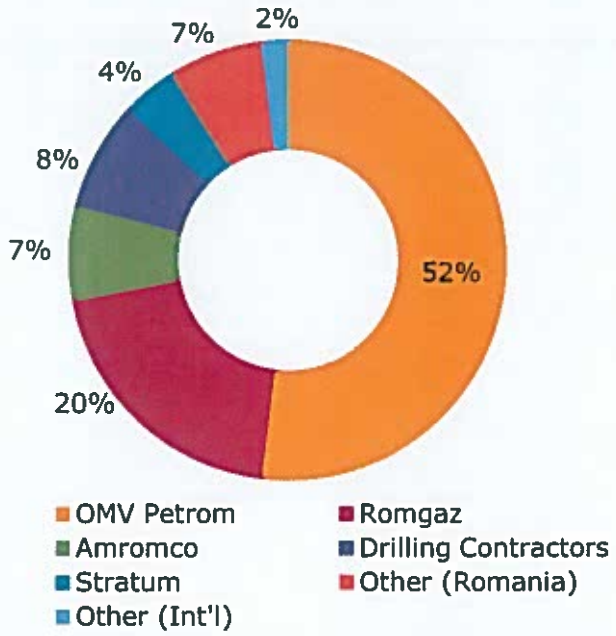
Despite the increasingly competitive environment and the significant decline of activity in the oil and gas upstream industry caused by the crude oil price decrease, the company succeeded to maintain its market share for certain of the services provided in Romania while simultaneously raising the complexity of services rendered.

The company's main client on *the **national market*** is OMV Petrom S.A., the services provided to this beneficiary in 2015 representing a percentage of about 52% of the total services rendered by the company.
Other domestic clients to whom the company renders its services are S.N.G.N. Romgaz S.A., representing a percentage of about 20%, the Drilling contractors – 8% and other operators in the petroleum industry.

Over the year 2015, the company delivered also services on the internal market to independent operators, such as: Amromco Energy SRL, Weatherford International Eastern Europe SRL, Petrofac Solutions & Facilities Suport SRL, Stratum Energy Romania LLC, Tacrom Drilling SRL, Expert Petroleum SRL, Lotus Petrol SRL, Petrosantander Romania SRL,etc.

The overseas activity, representing 0.2% of the company's revenues in 2015, was developed in Bulgaria (through Weatherford International Eastern Europe SRL).

Client structure



b) The description of the competitors' situation in the field of activity of the commercial company, the market share of the products and services of the commercial company and its competitors;
Our company holds a share varying from 15% to 55% on the specific services market.
In the field of cementing and pumping services our competitors are: SCHLUMBERGER LOGELCO INC. BUCUREŞTI BRANCH, HALLIBURTON ROMANIA, TACROM SERVICES Ploiesti and SIRCOSS.
There are also competitors in the field of stimulation operations, such as WEATHERFORD INTERNATIONAL EASTERN EUROPE S.R.L., BAKER OIL TOOLS and TACROM SERVICES, and in the field of tools and equipment rental, ODJFELL, TESCO, DOSCO PETROSERVICES S.R.L.

c) Description of any significant dependence of the commercial company on a single client or a group of clients whose loss would have a negative impact on the company's incomes.
Rompetrol Well Services depends very much on OMV – PETROM, client which represents 52% of Company's sales in 2015. To mitigate this reliance risk, the company aim to increase the proportion of well services provided for other E&P players on the Romanian market and to expand activity on external market.

1.1.5. The assessment of the aspects related to the employees/the personnel of the commercial company
a) *the specification of the number and the formation level of the company's employees, as well as the degree of syndication of the labour force;*
The company conducted the training of its personnel, primarily through in-house tuition programs, to ensure maximum benefit from operation of next-generation equipment recently put into operation.

The personnel structure on December 31, 2015 was as follows:

TOTAL PERSONNEL	260
among which:	
- with higher education	82
- with secondary education	21
- qualified workers	157
- unqualified workers	0

The syndication level of the labour force is of 92,50%.

b) *The description of the relations between manager and employees, as well as any conflict elements which characterize these relations.*
The relations between manager and employees are normal and cooperative, being based on "Collective labor agreement" at company level, without any conflict elements which could characterize these relations.

1.6 Business impact assessment on the environment.
Summary description of the impact of basic environmental issues and any existing or expected litigation regarding breach of environmental protection legislation.

Activities carried out within the company, located in Ploiesti, as well as all branches and working points in the country, aims to strictly enforce environmental legislation and thus avoids any disputes that may occur on the violation of environmental laws.
Environmental issues that arise naturally, are kept constantly under control and Rompetrol Well Services aims to improve the purposes of reducing the pollution by waste generated. Disposal (used batteries, tires, scrap metal, used motor oil, household waste, waste consisting of plastic bags, etc..) is done under contracts whith authorized companies.
We want to emphasize that the company aims to continuously improve environmental performance in all its activities by adopting a proactive behavior on minimizing environmental impacts.

Also Rompetrol Well Services committed to multiple environmental objectives, among them:
- Inform suppliers, customers and society on our politics in environmental protection activities;
- Monitoring and reducing consumption of resources (water, gas, electricity, lubricants and fuels);
- Regular monitoring of the activity of loading and unloading bulk cement, and blending;
- Reuse of packaging used for liquid additives to reduce the amount of packaging placed on the market;
- Reducing emissions released into the atmosphere by replacing special vehicles equipped with non-euro engines with modern trucks equipped with Euro 6 engines;
- Training and awareness for all staff regarding: selective waste collection, reduction of specific consumption and especially the responsibility of implementing environmental policy that the company has declared and environmental objectives which it aims to achieve.

In July 2015 took place the recertification audit of the Integrated Management System (environment, quality, health and safety at work), accomplished by DNV GL Business Assurance, following which confirmed that our society is on a upward trend in complying with the requirements specified in the 3 standards and received ISO 9001:2008, ISO 14001:2009 and OHSAS 18001:2007 certification, valid until 26.09.2018.
According to Law no. 105/2006 and Emergency Ordinance no. 196/2005, concerning environmental obligations to the Environmental Fund, and the Environment Fund Declaration the Rompetrol Well Sevices SA, pay monthly fees for emissions of pollutants into the atmosphere from stationary sources and an annual fee for packaging placed on the market.

1.1.7. The assessment of the research-development activity
The specification of the expenses during the financial year, as well as of those anticipated for the next financial year allocated to the research-development activity
Not applicable.

1.1.8. The assessment of the commercial company's activity related to the risk management
The description of the commercial society's exposure concerning the price, credit, liquidity and cash flow risk. The description of the policies and the objectives of the commercial company concerning the risk management.
The assessment of the activity of the commercial company regarding the risk management
The company's exposure to:

- *the price risk*: S.C.ROMPETROL WELL SERVICES S.A. Ploieşti has a flexible price policy, allowing it to react and adapt to any variations of prices that could affect the market;
- *credit risk*: The company had no need to apply for bank loans, but could not completely eliminate the impact of trade credit. It has approached the clients' crediting in a procedural manner, flexible due to the contracting strategy established as an essential mechanism of risk distribution. The current economic environment in the oil industry in becoming a threat to all participants on the market. The company's management is permanently monitoring the receivables and their recollection;
- *the interest rate risk*

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 , the income from interest varies, depending on ROBOR 3M movement;
- *the liquidity risk*: it was estimated as low until now since the company managed to maintain a steady balance between the maturity of receivables generated by sales and chargeability of the debts for operational and investment activity. In exchange, the financial crisis is still a menace for the next period on the market segment where the company operates;
- *the cash-flow risk:* remains difficult to be characterized due to the menaces of the crisis effects on the global credit market;
- *the exchange rate risk: the majority of incomes* obtained by the company are reported in RON and EURO. The variation of the rate of exchange cannot generate significant patrimonial effects.

1.1.9. Perspective elements concerning the activity of the commercial company

a) The description and analysis of the trends, elements, events or uncertainty factors which affect or could affect the liquidity of the commercial company by comparison to the same period of the previous year.

The commitments towards suppliers were progressively paid. The recorded arrears don't present the risk of significant penalties and the company is not involved in any dispute for the payment of such depths. The company insured the permanent operability in the execution of its contracts all around the country.

Prospects for expansion of service activities on foreign markets determine rational and operative decisions regarding the prudent engagement of liquidities at the conclusion of new contracts.

The loss reported for 2015 did not cause disruptions of cash flows, being compensated by the efficiency of the existing liquidity management.

2016 Key Objectives

- Consolidate market shares in Romania for all type of services rendered
- Continue modernization of services focusing on cementing and stimulation services
- The periodic and severe resizing of the restructuring of operational resources measures in order to reduce costs

b) The presentation and the analysis of the effect of the current or anticipated capital expenses on the financial situation of the commercial company by comparison to the same period of the previous year.

The company operated by using his own financing sources, without contracting any credits from banking institutions or any other individuals or entities.

In regard to debts category, there are no arrears such as interest or any other credits contracted from banking institutions.

c) The presentation and the analysis of the events, economic changes transactions changes significantly affecting the incomes generated by the main activity.

Revenues from the company's operational activity were significantly affected by the global economic climate in the oil and gas industry, the determining factor being the drastic decrease in crude oil prices. The effects of the oil price decline – the postponement of major projects for exploration and production of hydrocarbons, conventional or unconventional, investment cut, the severe diminishing in demand for well services – were fully felt in the markets where the company is active. The collapse of the oil barrel price has generated domino effects, the main petroleum operators significantly reducing operational and investment budgets.

2. The company's tangible assets

2.1. The specification of the location and of the characteristics of the main production capacities owned by the company.

The patrimonial assets of tangible fixed assets nature allow a flexible organization in the territory in order to fulfill the orders placed by the beneficiaries.
The services provision is identified at the customers' location, not at the company's organizational perimeter, the use of the operational capacities depending upon the orders received from the beneficiaries.
The location of lands and buildings on the geographical area is located in the following areas: Ploieşti (Prahova County), Câmpina (Prahova County), Boldeşti - Scăieni (Prahova County), Răzvad (Dâmboviţa County), Leordeni (Argeş County), Mihăeşti - Stupărei (Vâlcea County), Potcoava (Olt County), Craiova (Dolj County), Tg. Cărbuneşti (Gorj County), Slobozia - Conachi (Galaţi county), Ianca (Brăila County), Timişoara (Timiş County), Tg. Mureş (Mureş County), Mediaş (Sibiu County), Moineşti (Bacău County), Tecuci (Galaţi County), Videle (Teleorman County).
The main operational facilities are represented by the fixed assets, such as: cementing units, bulk trucks, blenders, tank trucks, cement laboratory equipment and other types of utility vehicles and drilling tools.

2.2. The description and analysis of the wear degree of the company property.

Working outdoors, travelling on difficult access roads and the evolution of the purchase price of equipment justifies a significant degree of wear compensated by the investments in recent years. The specific equipment fleet requires high maintenance costs resulting from imperative normative documents specific to the European integration and the environmental protection issues: ADR transport licenses, vignettes, tachographs, environmental taxes, first registration fees, local taxes, etc.

2.3 The specification of the potential problems related to the ownership of the tangible assets of the company.

For all the patrimonial assets the company recognizes right of ownership, according to current regulations and documents held.

3. The market of the transferable securities issued by the "ROMPETROL WELL SERVICES" S.A. company

3.1. The specification of markets in Romania and other countries where there are negotiated transferable securities issued by the company.

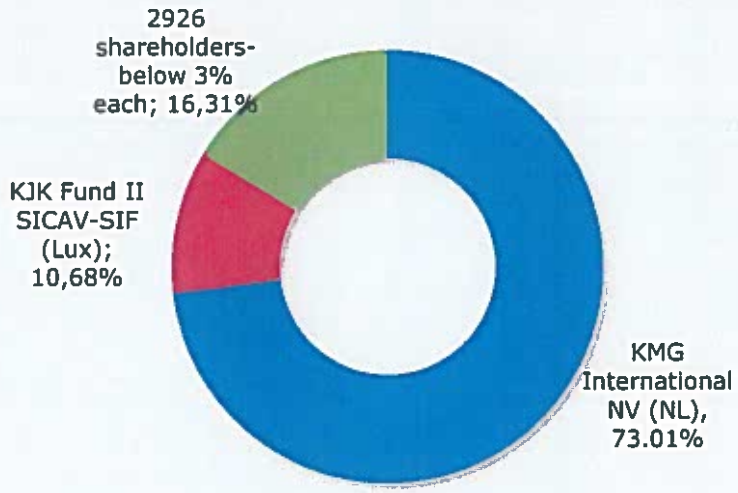
The transferable securities issued by SC Rompetrol Well Services S.A. are admitted to the Bucharest Stock Exchange by decision No. 133 / 26.03.1998 and are traded on this market category STANDARD in the securities sector issued by romanian legal entities, starting with 18.06.1998, under the symbol PTR.

The transferable securities issued by the company are Class A – nominative shares.

The registered capital on 31.12.2015 is of 27,819,090 RON equivalent to 278,190,900 shares with a nominal value of 0.10 RON / share and is distributed to holders as follows:

1. KMG INTERNATIONAL N.V. Olanda	20.311.015 lei (73,0111 %)
2. KJK FUND II SICAV-SIF Luxembourg	2.970.995 lei (10,6797 %)
3. Other shareholders (2926 shareholders)	4.537.080 lei (16,3092 %)

Shareholders' Structure as of 31.12.2015:



3.2. The description of the company policy regarding the dividends. The specification of the dividends due/paid/accrued in the last 3 years and, if appropriate, of the reasons for any decrease in dividends over the last 3 years.

For 2013, the A.G.O.A. of 28.04.2014 approved the distribution of the net profit amounted to 27,599,019 lei, towards the following destinations:
- 8,345,727 lei for dividends;
- 19,253,292 lei – other reserves.

The gross dividend per share for 2013 was of 0.03 lei for the shareholders registered in the Register of Shareholders on 20.05.2014 (date of registration).

For 2014, the A.G.O.A. of 28.04.2015 approved the distribution of the net profit amounted to 8,856,745 lei towards the following destinations:
- 5,563,818 lei for dividends;
- 3,292,927 lei – other reserves.

The gross dividend per share for 2014 was of 0.02 lei for the shareholders registered in the Register of Shareholders on 01.09.2015 (date of registration).

For 2015, the A.G.O.A. from 28(29).04.2016 will approve the financial statements afferent. Thus in 2015 were achieved total revenues amounting to 53,381,381 lei, total expenses amounting to 79,464,020 lei, resulting a loss of 29,622,639 lei.

By 31 December 2015 was paid:
- 94.59 % of the gross dividend approved for the year 2012;
- 94.35 % of the gross dividend approved for the year 2013;
- 93.63 % of the gross dividend approved for 2014.

3.3. The description of any activities of the company to purchase own shares.
The Company has not conducted activities to purchase own shares.

3.4. If the company has subsidiaries, stating the number and the nominal value of shares issued by the parent company and held by subsidiaries.
Not applicable.

3.5. If the company issued bonds and/or other debt securities, the presentation of the way the company paid its obligations to holders of such transferable securities.
Not applicable.

4. The management of the ROMPETROL WELL SERVICES S.A. company
4.1. The presentation of the list of company managers and the following information for each manager:
a) CV (surname, first name, age, qualifications, work experience, position and tenure in the position;
Under the Constitutive Act, the company's activity is managed by an Administrative Board composed of five members appointed by the Ordinary General Assembly, who can be shareholders of the company, individuals or legal entities, of citizenship, nationality respectively, Romanian or foreign.

• **Bauyrzhan Nugumanov -** Kazakh citizen, born in 1984;
President of the Board for the period 01.01.2015 – 30.06.2015;
Member of the Board of Directors since 01.07.2015;
Duration of the mandate: 4 years starting with 28.04.2014;
He is economist, graduate of the Faculty of Finance and Credit of the University of Economics in Almaty, Kazakhstan-class of 2006, and a Master in Finance at the London Guildhall University-UK.
He has a solid professional experience in financial analysis, attracting investments and long-term financial investments, working in various companies such as KazAgroFinance JSC Astana, JSC NC KazMunayGas Astana, JSC NC KazMunayGas RM Astana, LLC ATC KAZ Almaty.
In the Rompetrol Group (KMGI), coordinate the newly created structure "Transformation Block" from the position of Vice President.

• **Yerzhan Orynbassarov** - Kazakh citizen, born in 1969;
Mr. Orynbassarov Yerzhan is appointed the interim administrator of the Company until the first ordinary general meeting, after the resignation of Mr. Kuanysh Kudaibergenov.
The Board of Directors convened on 29.06.2015 has revoked from position by the president on Mr. Baurzhan Nugumanov since 07/01/2015, and appoints on Mr. Yerzhan Orynbassarov in this position.
Member of the Board for the period 01.05.2015–30.06.2015 and President of the Board since 01.07.2015;
He is economist, graduate of the Faculty of Mathematics of Lomonosov Moscow University and of the Faculty of Economics Al Farabi KazGu – class of 1993, graduate of a Masters in Petroleum Business - Eurasian Market Institute, Economic Management Academy (1996-1998), of an MBA from Essec & Mannheim Business School (France-Germany) (2011-2013) and a program ENI-Petroleum Industry Training Center (2002-2003).
He has a strong professional experience in finance and strategic development in the oil and gas industry, working for over 18 years in companies such as KazMunayGas, Kazakhoil-Emba OJSC or Kazakhoil NOC.
He holds top management positions such as deputy general director for finance and economy under the Trading House KazMunayGas and First Vice-President for Economics and Finance from the Kazakhoil-Emba. Also, between 2010 and 2012, Mr. Orynbassarov occupied the position of Senior Vice President of KMG International, coordinating all group's business Units.

• **Adrian-Ion Stănescu,** romanian citizen, born in 1953;
Member the Board of Directors for the period 23.11.2002–11.08.2003, 10.05.2013-to the present;
President of the Board for the period 09.03.2006 – 9.05.2013;
Duration of the last mandate: 4 years starting with 28.04.2014;
He is engineer, graduate of the Faculty of Mechanics – majoring in Machine Manufacturing Technology, Iasi - class of 1977, and of other specialized courses in the field of cementing operations technology, management and marketing.
He has a solid professional experience in the oil and gas industry, in various domains of this industry: the manufacture of oilfield equipment, in the technology of special operations, in the implementation of modern management practices and qualitative management of resources, in the opening of new markets and increasing the sales volume on domestic and foreign markets, holding management positions at UPETROM Ploiesti (1987-1999), ROMPETROL SA (1999-2001),
ROMPETROL WELL SERVICES – General Manager for the periods: 01.07.2011-13.05.2013; 01.07.2015-present, and Deputy General Manager for the periods: 01.05.2003–30.06.2011; 14.05.2013 – 30.06.2015.

• **Talgat Issayev,** Kazakh citizen, born in 1972;
Member of the Administration Board for the period 27.04.2010 - 09.05.2013 and 28.04.2014-30.06.2015.
President of the Board for the period 10.05.2013 – 27.04.2014;
Duration of last mandate: 28.04.2014-30.06.2015;
Mr. Talgat Issayev resigned as member of the Board of Directors starting of 01.07.2015;
He is engineer; graduate of the Faculty of Development and exploitation of oil and gas fields at the Gubkin Russian State University of Oil and Gas, Moscow-class of 1995, and well as of the Faculty of Finance and Credit at the Almaty Academy of Management, Kazakhstan-class of 2000.
He has a rich professional experience in the Kazakh Oil and Gas Industry, working in various companies such as JSC Munaygas, RosbiOil Corporation, Askam Corporation, JSC National Oil and Gas Company Kazakhoil.
In the Rompetrol Group (KMGI), from the position of Director Group Upstream, he was responsible for management, coordination and control on the following areas: exploration and production, drilling and workover activities, special operations at well site.

• **Vadim Poletaev -** russian citizen, born in 1964;
Mr. Vadim Poletaev is appointed the interim administrator of the Company until the first ordinary general meeting, after the resignation of Mr. Talgat Issayev.
Member the Board of Directors starting with 01.07.2015;
He is lawyer, graduate of the Master of Law and of the Faculty of Law - University of the People's Friendship in Moscow, Russia 1985-1991.
Professional Background:

- Consulting public and private companies (organizations), government agencies and individuals in Russia and abroad.
- Development and drafting of corporate schemes, legal analysis of the transactions, projects.
- Clients' rights protection in general jurisdiction courts at all levels, arbitration (in Russia and abroad).
- Drafting, negotiation and legal support in execution of contracts, agreements, statutory and other legal documents.
- Experience as a head of legal department of commercial companies, in the working teams for a number of projects (commercial, legislative, etc.), as a managing partner at consulting companies.
- Professional experience in the following countries: Russia, India, Pakistan, Iran, Switzerland, Denmark, United Arab Emirates.

• **Kuanysh Kudaibergenov,** citizen of Kazakhstan, born in 1984;
Member of the Board of Directors for the period 01.03.2013 - 30.04.2015;
Duration of last mandate: 28.04.2014-30.04.2015;
Mr. Kuanysh Kudaibergenov resigned as member of the Board of Directors starting of 01.05.2015;
He is engineer, a graduate of the Russian State University of Oil and Gas named after I. M. Gubkin, Moscow, Russian Federation, "Oil and Gas Fields Development"-class of 2006 and the master: International Oil and Gas Business, Moscow State University of the Ministry Foreign Affairs of the Russian Federation-class in 2012.
Mr. Kuanysh Kudaibergenov has solid professional experience in drilling and exploration of oil and gas, working in various companies such as: Offshore Oil Company KazMunai Teniz", Astana, The First National Drilling Company, Russian Federation, Shell International Exploration & Production BV, Rijswijk, Netherlands, Caspi Meruerty Operating Company BV, Aktau, Kazakhstan, NC KazMunayGas (KMG), Astana, Kazakhstan.
In the Rompetrol Group (KMGI), has held the position of the General Manager of Rompetrol E & P.

• **Aizhan Dykanbayeva** - Kazakh citizen, born in 1978.
Member of the Board of Directors during the period: 28.04.2014 - to the present;
The duration of this mandat: 4 years starting with 28.04.2014;
She graduated of the Faculty of International Relations at the State University Almaty, Kazakhstan - class of 2000, a Master "Arts in International Relations" and "International Finance and Energy, Environment, Science and Technology" at the School of Advanced International Studies of the "Johns Hopkins University, USA" in 2002 and INSEAD MBA Class in France / Singapore in 2008.

She has professional experience in tax consulting, auditing oil and gas industry, economic analysis, budgeting, business planning, taxation, investment project analysis, corporate finance.
She worked in various companies such as: PriceWaterhouseCoopers, Planning Institute of Management and Economics Kazakhstan (lector), financial consulting company in Central Asia Kazakhstan (corporate finance director), Trade House KazMunayGas Kazakhstan (Head department of economic analysis and budget), The Rompetrol Group NV (Deputy Director Finance), The Netherlands NV KazMunayGas (CFO).

b) any agreement, understanding or family relationship between the respective administrator and another person due to which that person was appointed administrator;
We are not aware of any agreement, understanding or family relationship between the managers of the company and another person due to which they were appointed administrators;

c) the participation of the administrator to the company's capital;
According to the Register of Shareholders, consolidated on 31.12.2015, issued by the Central Depository, none of the directors participates to the company's share capital.

d) the list of persons affiliated to the company.
None of the members of the Administrative Board of the Company is an affiliated person to SC ROMPETROL WELL SERVICES S.A. under the Regulation CNVM No. 1/2006.

4.2. The presentation of the list of members of the executive management of the company.
For each, supply the following information:
a) the period for which the person is part of the executive management;
During 2015, the directors whom the company management was delegated were:

Item no.	Position designation	Surname and first name	Period
1.	*GENERAL MANAGER*	*Eng. SVERDLOV VALERIU*	*01.01.2015-30.06.2015*
2.	*DEPUTY GENERAL MANAGER*	*Eng. STĂNESCU ADRIAN-ION*	*01.01.2015-30.06.2015*
	GENERAL MANAGER	*Eng. STĂNESCU ADRIAN-ION*	*01.07.2015-31.12.2015*
3.	*FINANCE DIRECTOR*	*Ec. MANOLE VASILE GABRIEL*	*01.01.2015-31.12.2015*
4.	*DEPUTY FINANCE DIRECTOR*	*Ec. GUEF DORIN*	*01.01.2015-31.08.2015*
5.	*CHIEF ACCOUNTANT*	*Ec. DUMITRU VALERICA*	*01.01.2015-31.12.2015*
6.	*PRODUCTION DIRECTOR*	*Eng. DUMITRU GHEORGHE*	*01.01.2015-31.12.2015*

b) any agreement, understanding or family relationship between the respective person and another person due to which that person was appointed member of the executive management;
There is no agreement, understanding or family relationship between the occupants of the positions mentioned above due to which the occupants of the positions were appointed as members of the executive management.

c) the respective person's participation to the company's capital.
According to the Company's register of shareholders, consolidated on 31.12.2015, issued by the Central Depository, no member of the executive management participates to the capital of the company.

4.3. For all the persons presented in 4.1. and 4.2. the specification of any litigation or administrative proceedings in which they were involved, in the last five years, regarding their work for the issuer, as well as those concerning the respective person's ability to perform duties for the issuer.
None of the managers of the company was involved in the last five years in any litigation or administrative proceedings.

5. Annual accounts

The presentation of an analysis of the current economic and financial situation compared to the last three years, including at least:
a) *balance sheet elements: assets representing at least 10% of the total assets, cash and other liquidities; reinvested profits, total current assets, total current liabilities;*
Starting the year ended 31 December 2012, the separate financial statements of the Company were prepared in accordance with the provisions of Order of the Minister of Public Finance no. 1286/2012 for approving the accounting regulations compliant with the International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, with all subsequent modifications and clarifications.
For the purposes of the preparation of these financial statements, in accordance to Romanian legislative requirements, the functional currency of the Company is deemed to be the Romanian Leu (RON).

Synthesis of patrimonial elements:

- lei

Specificaţie	2013	2014	2015
Total Assets, of which:	**180,860,954**	**177,484,837**	**136,263,539**
Fixed assets	62,144,287	84,038,637	48,882,077
Current assets	118,716,667	93,446,200	87,381,462
Total Equity and liabilities, of which:	**180,860,954**	**177,484,837**	**136,263,539**
Social Capital of which:	28,557,446	28,557,446	28,557,446
Share capital subscribed paid	27,819,090	27,819,090	27,819,090
Legal reserves	5,563,818	5,563,818	5,563,818
Other to equity	99,087,356	118,340,648	121,633,575
Current income not distributed	27,599,019	8,856,745	(29,622,639)
Current liabilities	16,727,821	13,055,736	9,066,368
Long-term liabilities	3,325,494	3,110,444	1,064,971

b) ***profit and loss account***
Summary of items of income and expense:

-lei

Specification	2013	2014	2015
Total revenues, of which:	114,972,414	91,452,760	53,381,381
Operating income	111,490,950	88,525,114	50,100,887
Financial income	3,481,464	2,927,646	3,280,494
Total expenditure	82,595,541	81,051,632	82,202,861
Operating expenses, of which:	81,816,736	80,060,525	80,642,424
- material costs	28,411,122	18,489,946	10,440,518
- power, water, gas expenses	700,903	628,939	489,847
- personnel expenses	27,310,967	25,918,725	21,205,208
- depreciation of assets expenses	10,043,214	9,436,852	7,831,801
- expenses related to goods	614,140	490,274	40,464
- other operating expenses	14,736,390	25,095,789	40,634,586
Financial expenses	778,805	991,107	1,560,437

Gross result - profit	32,376,873	10,401,127	
- loss			28,821,480
Income tax current and deferred	4,777,854	1,544,383	801,159
Net result - profit	27,599,019	8,856,745	
- loss			29,622,639

Starting with April 2015, the company implemented a reorganisation programme, which lead to the reduction of operational costs by putting into conservation some equipment and by staff restructuring, in stages, renegotiation of purchase prices of goods and services and the strict monitoring of specific consumptions on line of business and on cost centers.
Also cost reduction programmes included the temporary reduction in the working week starting with June. During the reporting period the number of personnel decreased from 328 employees to 260 employees, without generating a proportional and immediate reduction of labor costs under the influence of compensations packages granted to employees on dismissal.
The impact of global economic environment and of the decline of oil industry, in particular, have determined extra caution in adjusting the provisions of patrimonial assets' value.

Summary of actual budget indicators:

Specification	Achievements -previous year	Year 2015	
		Budget Provisions	Achievements
Total revenues, of which:	91,452,760	95,215,700	53,381,381
Operating income	88,525,114	93,090,900	50,100,887
Financial income	2,927,646	2,124,800	3,280,494
Total expenditure of which:	81,051,632	76,134,000	82,202,861
Operating expenses	80,060,525	76,134,000	80,642,424
Financial expenses	991,107	-	1,560,437
Gross result:			
Profit	10,401,128	19,081,700	
Loss			28,821,480
Income tax current and deferred	1,544,383	3,052,500	801,159
Net result:			
Profit	8,856,745	16,029,200	
Loss			29,622,639

Economic and financial indicators from operations, achieved in 2015, below the budgeted level and below the values realized on the same period last year emphasizes the direct effects of an unfavorable economic environment characterized by prolonged decline of global oil prices, while the positive effect of financial result was maintained in the reporting period compared to the corresponding period of 2014.

Specification	Measuring unit	Year 2013	Year 2014	Year 2015
Well Services	Equivalent operations	9,245	11,320	3,805
Average number of staff	Persons	337	333	283
Labour productivity annual average	RON/ person	321,821	258,850	173,752
Equipment fleet	Number of trucks	114	106	94

c) *cash flow: all the changes in the cash level within the primary activity, the investments and financial activities, in the cash level at the beginning and end of the period.*

Statement of Cash Flows
Synthesis-indirect method

-lei

Specification	2013	2014	2015
0	1	2	3
Net profit before tax and extraordinary items	**32,376,873**	**10,401,128**	**(28,821,480)**
Operating profit before changes in the working capital	**38,864,470**	**25,165,769**	**3,532,203**
Net cash from operating activities	**7,234,564**	**2,198,087**	**3,605,197**
Net cash from investment activities	**(3,352,594)**	**(3,525,259)**	**176,254**
Net cash from financing activities	**(5,523,200)**	**(9,900,758)**	**(5,262,127)**
Net variation of cash and cash equivalents	**(1,641,230)**	**(11,227,930)**	**(1,480,676)**
Cash and cash equivalents at the beginning of the fiscal year	**22,031,514**	**20,390,284**	**9,162,354**
Cash and cash equivalents at the end of the fiscal year	**20,390,284**	**9,162,354**	**7,681,678**

The execution of contracts with customers and strategic suppliers was managed in conditions of financial balance, and ensuring availability of cash for all full and timely payment of the wages, fiscal debt and dividends, during the year 2014.
All investment projects were financed from own sources.
In addition to the cash balance at the end of the financial year, the company can freely use the cash from the main account of the cash – pooling system, in the amount of 23,842,765 lei at December 31st, 2015.

Specification	2013	2014	2015
1. Liquidity indicators			
Current liquidity indicator	7.10	7.16	9.64
Immediate liquidity indicator	6.73	6.77	9.18
2. Activity indicators			
Turnover speed of debits - clients (days)	190.64	273.21	193.87
Turnover speed of fixed assets	1.79	1.04	1.02
4. Indicators on earnings per share			
Earnings per share	0.10	0.03	(0.11)
The ratio of market price action and earnings per share	4.09	16.56	(3.95)

The indicators presented above reflect the preservation of financial independence, even in the current low rate of debt collection.

6. Corporate Governance

S.C. ROMPETROL WELL SERVICES S.A. is a company listed on the Bucharest Stock Exchange - category II shares under the symbol << PTR >>, dated 18.06.1998, according to the Stock Exchange's Admission Committee decision no. 133/26 March 1998.

The Company is subject to the current legislation applicable to companies and to capital market: Law no. 31/1990 Commercial Company Law – including subsequent amendments, Law no. 82/1991 the Accounting Law – including subsequent amendments, Law no. 297/2004 on the capital market - including subsequent amendments, the National Securities Commission (CNVM) Regulation No. 1/2006 on issuers of securities and operations with securities - including subsequent amendments.

The company's administration has voluntarily adopted, self-imposed, part of the Code of Corporate Governance of Bucharest Stock Exchange (CGC-BSE).
The Bucharest Stock Exchange Code of Corporate Governance is a set of principles and recommendations for companies whose shares are admitted to trading on its regulated market that aims at building an internationally attractive capital market in Romania, based on best practices, transparency and trust. The Code encourages companies to build a strong relationship with their shareholders and other stakeholders, communicate effectively and transparently and show openness towards all potential investors.

This new Code replaces the original Code which was issued in 2001 and revised in 2008. The change to the new Code was desirable in order to take into account the changing legal environment in Romania and Europe, and the new aspirations of the society and stakeholders about the responsibilities and conduct of companies.
The aim of the Bucharest Stock Exchange Code of Corporate Governance is to improve confidence in listed companies by promoting positive development of corporate governance in these companies.

A good corporate governance is a powerful tool to enhance the competitiveness of the market.
At the center of this Code are access to information for investors and protection of shareholders' rights. Each listed company should aim at fulfilling all provisions of the Code. The role of good governance is to facilitate good, effective, entrepreneurial management that can deliver the long-term success of the company.

Status of compliance of the company with the new BSE Code of Corporate Governance is presented in **Annex no. 2**

In accordance with the articles of incorporation, **S.C. Rompetrol Well Services S.A. is administrated in unitary system,** where the administrative powers fall on an administration board, consisting of five members, elected by the ordinary general meeting of shareholders, with a 4 years mandate.

The Administration Board has full powers in making any administrative and management decisions, other than those which the law expressly confers to the General Shareholders' Meeting.
By exception, the Administration Board will exercise the powers of the General Shareholders' Meeting, powers provided in article 113, letter b, c and f of Law 31/1990, republished.
The Administration Board's decisions shall be valid if taken with the vote of the majority of present members. In case of equal votes, the president has the casting vote.

During 2015, **the Administration Board's composition** was as follows:

- Mr. Bauyrzhan Nugumanov - President of the Board for the period 01.01.2015 – 30.06.2015;
  - Member for the period 01.07.2015 – 31.12.2015;
- Mr. Yerzhan Orynbassarov - Member for the period 01.05.2015 – 30.06.2015;
  - President of the Board for the period 01.07.2015 – 31.12.2015;
- Mr. Talgat Issayev - Member for the period 01.01.2015 – 30.06.2015;
- Mr. Adrian - Ion Stănescu – Member for the period 01.01.2015 - 31.12.2015;
- Mr. Kuanysh Kudaibergenov - Member for the period 01.01.2015 - 30.04.2015;
- Mr. Vadim Poletaev - Member for the period 01.07.2015 - 31.12.2015;
- Mrs. Aizhan Dykanbayeva - Member for the period 01.01.2015 – 31.12.2015.

6.1. Information about members of the Board of Directors

• **Bauyrzhan Nugumanov** - kazakh citizen, born in 1984;
President of the Board of Directors for the period 01.01.2015 – 30.06.2015;
Member of the Board of Directors since 01.07.2015;
Duration of the mandate: 4 years starting with 28.04.2014;
Non-executive member of the Board.
Education, professional qualifications, responsibilities
He is economist, graduate of the Faculty of Finance and Credit of the University of Economics in Almaty, Kazakhstan-class of 2006, and a Master in Finance at the London Guildhall University-UK.
Mr. Bauyrzhan Nugumanov has joined Rompetrol Group in April 2009.
He has a solid professional experience in financial analysis, attracting investments and long-term financial investments, working in various companies such as KazAgroFinance JSC Astana, JSC NC KazMunayGas Astana, JSC NC KazMunayGas RM Astana, LLC ATC KAZ Almaty.
In the Rompetrol Group (KMGI), coordinate the newly created structure "Transformation Block" from the position of Vice President.

• **Yerzhan Orynbassarov** - Kazakh citizen, born in 1969;
Mr. Orynbassarov Yerzhan is appointed the interim administrator of the Company until the first ordinary general meeting, after the resignation of Mr. Kuanysh Kudaibergenov.
Member of the Board for the period 01.05.2015 – 30.06.2015;
President of the Board since 01.07.2015;
Non-executive member of the Board.
Education, professional qualifications, responsibilities
He is graduate of the Lomonosov State University from Moscow, holding the Excellence Diploma in Mathematical Studies, graduate also of Eurasia Market Institute within the Economic Management Academz, obtaining a Diploma of Excellence as an Economist and with a Masters in Petroleum Business. He also has a master's degree in business administration from the Essec & Mannheim Business School (France-Germany).
He has a strong professional experience in finance and strategic development in the oil and gas industry, working for over 18 years in companies such as KazMunayGas, Kazakhoil-Emba OJSC or Kazakhoil NOC.
He holds top management positions such as deputy general director for finance and economy under the Trading House KazMunayGas and First Vice-President for Economics and Finance from the Kazakhoil-Emba. Also, between 2010 and 2012, Mr. Orynbassarov occupied the position of Senior Vice President of KMG International, coordinating all group's business Units.

• **Talgat Issayev,** Kazakh citizen, born in 1972;
Member of the Board of Directors for the period 27.04.2010 - 09.05.2013 and 28.04.2014-30.06.2015.
President of the Board for the period 10.05.2013 – 27.04.2014;
Duration of last mandate: 28.04.2014-30.06.2015;
Non - executive member of the Board.
Mr. Talgat Issayev resigned as member of the Board of Directors starting of 01.07.2015;
Education, professional qualifications, responsibilities
He is engineer; graduate of the Faculty of Development and exploitation of oil and gas fields at the Gubkin Russian State University of Oil and Gas, Moscow-class of 1995, and well as of the Faculty of Finance and Credit at the Almaty Academy of Management, Kazakhstan-class of 2000.
Mr. Talgat Issayev joined the Rompetrol Group in January 2010, as Upstream Group Director. Prior to Rompetrol, he has worked for the National Company KazMunayGaz, holding management positions in the Department of Development.
He has a rich professional experience in the Kazakh Oil and Gas Industry, working in various companies such as JSC Munaygas, RosbiOil Corporation, Askam Corporation, JSC National Oil and Gas Company Kazakhoil.
In the Rompetrol Group (KMGI), from the position of Director Group Upstream, he was responsible for management, coordination and control on the following areas: exploration and production,- drilling and workover activities, special operations at well site (Rompetrol Well Services).

• **Adrian-Ion Stănescu,** romanian citizen, born in 1953;
Member the Board of Directors for the period 23.11.2002–11.08.2003, 10.05.2013-to the present;
President of the Board for the period 09.03.2006 – 9.05.2013;
Duration of the last mandate: 4 years starting with 28.04.2014;
Executive member of the Board.
Education, professional qualifications, responsibilities
He is engineer, graduate of the Faculty of Mechanics – majoring in Machine Manufacturing Technology, Iasi - class of 1977, and of other specialized courses in the field of cementing operations technology, management and marketing.
He has a solid professional experience in the oil and gas industry, in various domains of this industry: the manufacture of oilfield equipment, in the technology of special operations, in the implementation of modern management practices and qualitative management of resources, in the opening of new markets and increasing the sales volume on domestic and foreign markets, holding management positions at UPETROM Ploiesti (1987-1999), ROMPETROL SA (1999-2001), ROMPETROL WELL SERVICES – General Manager for the periods: 01.07.2011-13.05.2013; 01.07.2015-present, and Deputy General Manager for the periods: 01.05.2003–30.06.2011; 14.05.2013 – 30.06.2015.

• **Vadim Poletaev -** russian citizen, born in 1964;
Mr. Vadim Poletaev is appointed the interim administrator of the Company until the first ordinary general meeting, after the resignation of Mr. Talgat Issayev.
Member the Board of Directors starting with 01.07.2015;
Non-executive member of the Board.
Education, professional qualifications, responsibilities
He is lawyer, graduate of the Master of Law and of the Faculty of Law - University of the People's Friendship in Moscow, Russia 1985-1991
Professional Background:
- Consulting public and private companies (organizations), government agencies and individuals in Russia and abroad.
- Development and drafting of corporate schemes, legal analysis of the transactions, projects, schemes.
- Clients' rights protection in general jurisdiction courts at all levels, arbitration (in Russia and abroad).
- Drafting, negotiation and legal support in execution of contracts, agreements, statutory and other legal documents.
- Experience as a head of legal department of commercial companies, in the working teams for a number of projects (commercial, legislative, etc.), as a managing partner at consulting companies.
- Professional experience in the following countries: Russia, India, Pakistan, Iran, Switzerland, Denmark, United Arab Emirates.

• **Kuanysh Kudaibergenov,** citizen of Kazakhstan, born in 1984;
Member of the Board of Directors for the period 01.03.2013 - 30.04.2015;
Duration of last mandate: 28.04.2014-30.04.2015;
Non-executive member of the Board.
Mr. Kuanysh Kudaibergenov resigned as member of the Board of Directors starting of 01.05.2015;
Education, professional qualifications, responsibilities
He is engineer, a graduate of the Russian State University of Oil and Gas named after I. M. Gubkin, Moscow, Russian Federation, "Oil and Gas Fields Development"-class of 2006 and the master: International Oil and Gas Business, Moscow State University of the Ministry Foreign Affairs of the Russian Federation-class in 2012.
Mr. Kuanysh Kudaibergenov has solid professional experience in drilling and exploration of oil and gas, working in various companies such as: Offshore Oil Company KazMunai Teniz", Astana, The First National Drilling Company, Russian Federation, Shell International Exploration & Production BV, Rijswijk, Netherlands, Caspi Meruerty Operating Company BV, Aktau, Kazakhstan, NC KazMunayGas (KMG), Astana, Kazakhstan.
In the Rompetrol Group (KMGI), has held the position of the General Manager of Rompetrol E & P.

• **Aizhan Dykanbayeva** - Kazakh citizen, born in 1978.
Member of the Board of Directors during the period: 28.04.2014 - to the present;
The duration of this mandat: 4 years starting with 28.04.2014;
Non-executive member of the Board.
Education, professional qualifications, responsibilities
She graduated of the Faculty of International Relations at the State University Almaty, Kazakhstan - class of 2000, a Master "Arts in International Relations" and "International Finance and Energy, Environment, Science and Technology" at the School of Advanced International Studies of the "Johns Hopkins University, USA" in 2002 and INSEAD MBA Class in France / Singapore in 2008.
Mrs. Aizhan Dykanbayeva has joined Rompetrol Group in April 2009.
She has professional experience in tax consulting, auditing oil and gas industry, economic analysis, budgeting, business planning, taxation, investment project analysis, corporate finance.
She worked in various companies such as: PriceWaterhouseCoopers, Planning Institute of Management and Economics Kazakhstan (lector), financial consulting company in Central Asia Kazakhstan (corporate finance director), Trade House KazMunayGas Kazakhstan (Head department of economic analysis and budget), The Rompetrol Group NV (Deputy Director Finance), The Netherlands NV KazMunayGas (CFO).

The Administration Board evaluated the independence of its non-executive members under the criteria provided in Art. 138 ^ 2 of Law no. 31/1990 - Commercial Company Law, republished and updated and in the Provision 4 Section A (Responsibilities) of the New Code of Corporate Governance of Bucharest Stock Exchange.
Currently, none of the directors does not meet the independence requirements of the aforementioned provision.
In 2015 a number of 10 meetings of the Administration Board were held, the administrators' participation in these meetings being as follows: Orynbassarov Yerzhan - 6 meetings, Bauyrzhan Nugumanov - 10 meetings, Adrian - Ion Stănescu – 10 meetings, Talgat Issayev - 5 meetings, Vadim Poletaev – 5 meetings, Kuanysh Kudaibergenov – 1 meeting, Aizhan Dykanbayeva - 7 meetings.
All the Administration Board's meetings were presided over by the President. Topics and projects relevant to the Company's business were brought into discussion. Decisions were adopted, taking into account the legal provisions, the regulations, the articles of incorporation and internal incident procedures. The decisions were taken by the "in favour of" vote expressed by the majority of those present, according to the Articles of Incorporation. From the analysis of the manner in which they have been met, it resulted that all decisions taken have been achieved.

For the tax year of 2015, in accordance with the law, directors' remuneration was approved by the Ordinary General Meeting of Shareholders on April 28, 2015.
Information on the remuneration costs of directors' and managers' with mandate is given in the annual financial statements.

The company has a financial auditor who worked in accordance with applicable laws and contracts concluded in this regard.
Since 2008, the financial auditor has been "Ernst & Young Assurance Services SRL". The financial auditor has audited the annual financial statements.

Currently, the company does not have an audit committee.
Considering that the organization at KMG International Group level also implies the existence of operational support functions with various responsibilities, the creation of consulting committees (such as audit, appointment, remuneration committees etc) at entity level was not necessary. The relation between the company and the functions at KMG International Group level is regulated by a service agreement.
If the conditions are met and the need arises, the committee will be created.

6.2. Executive Leadership
In 2015, the company's executive management is provided by the following directors:

- Mr. Valeriu Sverdlov - General Manager for the period 01.01.2015 – 30.06.2015
- Mr. Adrian - Ion Stănescu - Deputy General Manager for the period 01.01.2015 – 30.06.2015
- Mr. Adrian - Ion Stănescu - General Manager for the period 01.07.2015-31.12.2015
- Mr. Vasile Gabriel Manole - Finance Director for the period 01.01.2015 – 31.12.2015
- Mr. Dumitru Gheorghe - Production Director for the period 01.01.2015 – 31.12.2015
- Mr. Dorin Guef - Deputy Finance Director for the period 01.01.2015 – 31.08.2015
- Mrs. Dumitru Valerica - Chief Accountant for the period 01.01.2015 – 31.12.2015

Duration of the mandate for the General Manager, and Finance Director ending on 27.04.2018, once with the mandate of the current Board of Directors.

6.3. Shareholders' rights

S.C. ROMPETROL WELL SERVICES S.A. ensures fair treatment of all shareholders, including minority and foreign shareholders, in accordance with the law and the Articles of Incorporation of the Company.

The company uses all its best efforts to facilitate shareholders' participation in the works of the General Meeting of Shareholders (GMS). Shareholders of ROMPETROL WELL SERVICES have the opportunity to participate in the GMS directly, through a representative based on special power of attorney or can vote by mail (by sending the vote form by mail of any delivery form or by e-mail with electronic signature incorporated under Law no. 455/2001 on electronic signature).

According to Article 11 of the Articles of Incorporation of the Company, in conjunction with the applicable laws, the **Ordinary General Meeting** shall meet at least once a year within the mandatory deadline required by law, and has the following main tasks:

a) discuss, approve or modify annual financial statements based on reports submitted by the Board of Directors and the financial auditor, and to determine the dividends;
b) elect and dismiss directors of the company;
c) appoint and fix the minimum duration of the financial audit agreements and revoke the financial auditor;
d) fix for every current year the remuneration due to directors;
e) to decide on management directors;
f) review the work of the Board and Directors and to decide the prosecution of directors for the damage to the company, designating the person responsible to exercise it;
g) to determine the income and expenditure budget and, where appropriate, the working program, for the following tax year;
h) decide pledging, leasing or closing of one or more units of the company;
i) approve the maximum limits of remuneration of persons occupying / exercising management positions when required by applicable law;

The **Extraordinary General Meeting** has the following duties:

a) changing the legal form of the company;
b) relocating the company;
c) changing the object of the company;
d) the establishment or closure of subsidies: branches, agencies, offices or other such units without legal personality, unless otherwise provided by the Articles of Incorporation;
e) prolongation of company duration;
f) increase of registered capital;
g) reduction of registered capital or replenishment by issuing new shares;
h) merger with another companies or division of the company;
i) anticipated dissolution of the company;
j) conversion of shares from one category to another;
k) conversion of a category of bonds into another category or in shares;
l) issue of bonds;
m) approves the adoption / conclusion of legal documents on behalf of the company whose object is worth more than USD 10 million;
n) any other amendment to the Articles of Incorporation or any other decision for which approval is requested from the Extraordinary General Meeting.

The Extraordinary General Meeting designates the Board of Directors with the exercise of powers provided in letters b) and c) of the above line.
The Extraordinary General Meeting may delegate the Board of Directors with the capital increase in accordance with the provisions of Art. 236 of Law no. 297/2004 on the capital market.

Conducting the Annual General Meeting of Shareholders
The General Meeting of Shareholders is convened by the directors whenever need be, by publication of an announcement in the Official Gazette of Romania, Part IV, and in one of widespread local or national newspapers in the locality where the company has its registered office. The summons will include: location, date and time of the meeting, with an explicit agenda of all matters that will be subject to debates of the Assembly and any other terms provided for by the capital market.
When the agenda includes proposals to amend the Articles of Incorporation, the call will include the full text of the proposals.
When the agenda includes the election of directors, the call will contain the mention that the list with the names, domicile and professional qualifications of the persons proposed for the position of administrator is available to shareholders and can be accessed and completed by them.

The General Meeting may meet at the Company headquarters or in other place determined in the convening notice by directors. Shareholders may also be represented in the General Meeting by persons who do not have the capacity of shareholder of the Company.
The General Meeting is chaired by Chairman of the Board of Directors or by a person appointed by him, who designates, among the members of the General Meeting of Shareholders or one of the shareholders of the company, one to three secretaries, plus a technical secretary among the employees. They will draw the attendance list of shareholders, by checking the following:
- identity documents of people who come to the General Meeting as shareholders or their authorized proxies;
- special power of attorney submitted by the shareholders' proxies. It will be considered that the power of attorney is valid only for the General Meeting of Shareholders for which it was requested;
- forms to vote by mail.

The secretary of the meeting shall also verify the fulfillment of the legal requirements on the quorum present for the validity of General Meetings.

If the Ordinary or Extraordinary General Meeting cannot work due to failure of the legal requirements on attendance, the meeting that will meet at a second convocation may deliberate on the points on the agenda of the first meeting, regardless of the quorum, taking decisions through the majority of expressed vote.

If the meeting cannot be held due to lack of quorum, the meeting held on a second call can deliberate on the items on the Agenda of the first meeting, regardless of the quorum present, passing the resolutions with the majority of the votes expressed.

After submitting the documents in the agenda, the issues debated by shareholders are voted on by the Chairman of the Meeting.
The General Meeting decisions are taken by open vote, except for the cases when the General Meeting decides that voting should be secret or the law requires a secret ballot.

Each share entitles to one vote in the General Meeting. The person representing more shareholders based on special powers of attorney expresses the votes of persons represented by the aggregation of the number of votes "for", "against" and "abstention" without offsetting them (e.g. "on the x point of the agenda I represent "x" votes "for", "b" votes "against" and "c"" abstentions "). Votes so cast are validated or, where appropriate, invalidated, based on the third copy of special powers of attorney by the secretary of the General Meeting. The votes included in the special power of attorney are exercised only in the manner desired by the shareholder.
The Secretary or Secretaries of the meeting, based on the vote freely expressed by shareholders, will prepare the minutes of the General Meeting.

Decisions adopted by the General Meetings of Shareholders in 2015:

The Ordinary General Meeting of Shareholders of S.C. ROMPETROL WELL SERVICES S.A. dated **April 28, 2015** decided the following:

• Approves the annual financial statements for the tax year 2015, based on the Report of administrators and the Report of financial auditor of the Company.
• Approves:
  - ✓ the distribution of Company profit achieved in 2014, in accordance with the law.
  - ✓ the distribution of a gross dividend per share of 0.0200 lei for the year 2014 for the shareholders registered in the Shareholders Registry as of 01.09.2015 (registration date);
  - ✓ 10.09.2015 as the *payment date*, in accordance with art. 129^3 of RNSC Regulation No.1/2006

• Approves to discharge of liability the Company's administrators for their activity carried out during the financial year 2014.
• Approves the extension of the mandate of the financial auditor "Ernst & Young Assurance Services SRL", headquartered in Bucharest, sector 1, 15-17 Ion Mihalache Blvd., Bucharest Tower Center Building, 21st floor, registered with the Trade Registry under no. J40/5964/1999, having sole registration code 11909783, member of the Chamber of Financial Auditors of Romania, the agreement concluded with the foregoing company having a 1(one)-year term, starting with 30.04.2015.
S.C. Ernst & Young Assurance Services S.R.L. is duly represented by Mrs. Cora Anamaria, as administrator.
• Approves the income and expenditure budget for 2015. Approves the budget to the investment activity for the year 2015 amounting to 950,000 USD.
• Approves the amount of the monthly allowance due to the members of the Company's Board of Directors for the financial year 2015 to the level of the one established for 2014.
• Approves to empower the Deputy General Manager of the Company, Mr. Adrian-Ion Stănescu, to execute the resolutions following to be adopted and to carry-out all due formalities for the fulfillment thereof, the said proxy being entitled to sub-appoint third parties to this effect.
• Approves August 31, 2015 as the "*ex-date*", in compliance with the provisions of art. 2, letter f) from the Regulation RNSC no. 6/2009.

The Extraordinary General Meeting of Shareholders of S.C. ROMPETROL WELL SERVICES S.A. dated **July 22, 2015** decided the following:

• Approves the disestablishment of the branch "SC Rompetrol Well Services SA in the Republic of Kazakhstan", which is headquartered in Atyrau, 060003, St. Moldagaliyeva 31/19.
• Approves the amendment and the supplementation of the Company's Articles of Incorporation, according to the amendments brought by GEO 90/2015, as follows:

a) Chapter IV "*General Meeting*", article 13 "*Organization*", item 2 shall be amended and shall have the following content:

"***13.2.*** *For the share capital increases by contribution in cash, the withdrawal of the shareholders' preferential right to the subscription of new shares should be decided by the general extraordinary meeting of the shareholders. The decision requires the presence of the shareholders representing 3/4 of the subscribed share capital and subject to the vote of the shareholders holding at least 2/3 of the voting rights.*
The share capital increased by contribution in kind should be approved by the general extraordinary meeting of shareholders, attended by at least 3/4 of the subscribed share capital and subject to the vote of the shareholders holding at least 2/3 of the voting rights. The contributions in kind may consist solely of operational assets required to attain the scope of activity of the issuing company".

b) Chapter IV "General Meeting", article 13 "Organization", item 9 shall be amended and shall have the following content:

"13.9. The shareholders may be represented in the general meeting by persons that are not shareholders of the company, in reliance of a limited or general power of attorney".

c) The remaining articles of the Company's Articles of Incorporation remain unchanged.

• Approves the date of August 11th, 2015, as registration date, within the meaning of article 238 par.(1) of the Law no. 297/2004, for the identification of the shareholders that fall under the scope of the decisions adopted by this GEMS
• Approves the date of August 10th, 2015, as ex-date, as such is defined by the NSC Regulation no. 6/2009.
• Approves to empower Mr. Adrian-Ion Stanescu - member of the Company's Board of Directors, to conclude and/or sign for and on behalf of the Company and/or of its shareholders the decisions which are to be adopted within this GEMS, including the sign the Company's updated Articles of Incorporation and to carry out any and all requisite proceedings for such adopted resolutions to be registered, rendered enforceable against third parties and published, the said proxy being entitled to sub-delegate third parties to act for such purpose.

Shareholders' rights to dividends
If the General Meeting of Shareholders approves the distribution of dividends from the net profit of the company, are entitled to receive dividends all shareholders registered in the register of shareholders on the record date approved by the General Meeting approving also the value of dividends and the time they are paid to shareholders.
The Ordinary General Meeting of Shareholders of April 28, 2015 approved the distribution of a gross dividend per share of 0.02 lei for 2014 to shareholders registered in the Register of Shareholders on September 1, 2015 (date of registration). The information on paying dividends for the tax year 2014 were presented in reports currently submitted to the Bucharest Stock Exchange and Financial Supervisory Authority in September 2, 2015, well as in the press release of September 3, 2015 published in BURSA newspaper. All these information were posted also on Company's web site.

6.4. Transparency, communication, financial reporting
S.C. Rompetrol Well Services attaches great importance to transparency in communication. Considering that the confidence of the public is essential to the company, the company transforms its communication policy into an explicit and mutual commitment between the company and its interlocutors. The fulfilment of reporting obligations and transparency of communication are ways to win the confidence of investors.
The company aims to ensure a continuous and periodic reporting in an objective and honest manner, covering all important aspects of company business, financial status, applied accounting policies, recorded performances.
During 2015 there have been prepared reports and press releases about financial results, summons and decisions of GMS, regular reporting (monthly, quarterly, annual), distributing dividends, etc. The information being subject to mandatory reporting - current and periodic reports - was also presented on the Company's website, www.rompetrol.com in the section Rompetrol Well Services/Relaţii cu Investitorii/Prezentări
In order to ensure equal access to information for investors, the posting on the Company's website of reports and press releases addressed to the market participants is made after being posted on the market operator, which is the BSE.
In accordance with the law, the accounting and financial statements of Rompetrol Well Services and the ones related to operations are audited by Ernst & Young Assurance Services SRL, an independent financial auditor appointed by the General Meeting of Shareholders of April 28, 2015 for a period of 1 year.

Contact Investor Relations
Annual reports, quarterly and half-yearly, is available to shareholders upon request. Requests may also be made electronically via e-mail at: office.rws@rompetrol.com.

Internal control and risk management systems in relation to financial reporting procedures
The company has continuously adapted the internal control mechanism as a set of procedures and working methods with the scope of preventing acts contrary to the economic interests of the

Company and to the regulated framework of the activity, and with the scope of identifying the deficiencies and of establishing the necessary measures to reestablish the regulated framework of the activity. This targets mainly the relationships, phenomena and the financial processes aimed at ensuring the proper functioning of economic activity. Also, aspects of opportunity, necessity and economicity of the company's operations are analyzed. As concerning the financial reporting procedures, the company has developed internal reporting procedures and is also compliant to the external reporting procedures. The procedures are periodically reviewed by the functioning departments of the company. The financial reporting systems are based on the existing legal principles, rules and regulations.

6.5. Social responsibility

S.C. Rompetrol Well Services S.A. actively supports all programs of social responsibility of the Group **KazMunayGaz International** (KMGI).

In 2015 KMG International issued its first sustainability report on the GRI International standard, covering the non-financial performance of 2013 and 2014 (http://www.rompetrol.com/sites/default/files/report_complete_simulated_en_redux.pdf)

Community
The strength and evolution of KMG International do not rely on technology but on its people, who make the Group's development possible. Therefore, our CSR initiatives are based on the same values as those of our people.
KMG International views social responsibility as voluntary contribution to the development of the society, correlated with the core values, the objectives, the activities, the international laws and the resources of the Group.
As a revered corporate citizen and worldwide trustworthy partner, we contribute to the development of the countries and communities where we operate by creating jobs, employing local workforce and using local suppliers.
However, our commitment surpasses the economic aspects and implications of our actions. The commitment to CSR provides a guiding framework for all KMG International management decisions and we focus particularly on harnessing industry best practice by encouraging Group and community participation in corporate citizenship projects focused on raising the standards in the areas of business success, environment, health and safety, responsibility towards the community, culture, education and leadership.
Key ways in which we contribute to communities where we operate include paying local taxes, employment, the use and development of local services and suppliers, investment in local infrastructure and social programs, including social investment.
We firmly believe that by strategically investing in local communities we can also positively influence our long-term economic performance. Healthy, vibrant communities drive demand for our services and play an important role in the development of an educated workforce and a robust, sustainable supply chain. We work with stakeholders in all our areas of operations to address challenges and advance the quality of life in the communities.

Community engagement
Our involvement is based on community engagement and consultation, so as to identify the projects which can deliver the greatest value to local communities. We support those initiatives that help improve local economic conditions as it is our belief that economic development leads to the empowerment of local communities.
As part of our ongoing business process, we engage with our community stakeholders either on a project-by-project basis or on a company basis through philanthropic and community programs and initiatives. On a project-by-project basis, we proactively engage local communities, government and municipalities to address project-related social, economic or environmental concerns. This type of community engagement is directed by project management and carried out jointly with our clients and partners. On a company basis, we establish relationships with community stakeholders to proactively identify needs that align with KMG International's strategic focus areas.

Joint Partnerships

Over the years, KMG International has developed solid partnerships with representatives of both the academic world and civil society, which resulted in the implementation of countless sustainable projects and programs.

- **Universities**

KMG International has developed partnerships with key academic institutions in the oil & gas sector (oil & engineering departments at the Oil & Gas University Ploieşti, Ovidius University Constanţa, Politehnica University Bucharest), offering its support to maintaining Romania's academic tradition in the sector. The Group has developed an internship program for talented students in the sector, with more than 1,000 students attending the program in the past 10 years, out of which more than 250 became KMG International employees, thus being able to start a promising career.

The Internship program is part of the Group DNA and has a notorious tradition within the Group. The program was extended from the production area to other support business lines and starting with 2013 specific activities to attract young professionals in the headquarters were also launched in collaboration with targeted Universities.

The program's approach addresses two directions: firstly, to promote the company's culture and development opportunities and secondly, the actual Internship program.

During the program, a mentor is responsible with the intern's learning and feedback, has regular discussions and also manages the evaluations (midterm and final). All the costs of the Internship program (salaries, accommodation and transportation) are covered by KMG International.

- **NGOs**

As a socially responsible company, KMG International is committed to supporting projects developed partnering various NGOs, to name but a few:

- A partnership with SMURD and the General Inspectorate of Aviation since 2010 to support air emergency interventions, the transportation of both the medical personnel and the victims. The value of KMG International investment exceeded 800.000 USD during this 6-year partnership.
- In the past 5 years the Group supported and will continue to support the prestigious George Enescu International Festival and Contest, held in several cities, in September. This association of KMG International with such a large scale event was meant to strengthen the international vocation of the two brands and their products - fuels and quality music.
- As of 2003, KMG International is a partner and main sponsor for "Gala Societatii Civile" (Civil Society Gala) – the annual competition that awards the best projects of the year, initiated by NGOs, unions, individuals etc (since its beginning in 2002, 1,703 projects have been submitted into the competition). Thus, in 2015, Rompetrol Well Services has financed Civil Society Gala with RON equivalent of 35.000 USD.
- Dacia Romanian Cultural Association benefits from KMG International's support in preserving and developing the Romanian community in Kazakhstan through annual dedicated actions and events.

Employee engagement

Following the experience gained from the Together for Each and Everyone, employees, with support from the management, have developed an internal CSR program, Little Gestures that Count, which implements monthly 1 or 2 philanthropic or environmental protection actions. The program structure was replicated on a smaller scale by other group companies in other countries.

Small Gestures that Count is an internal CSR umbrella campaign carried out by KMG International for its employees across the country. The program aims at increasing the involvement of employees in social responsibility projects and encouraging them to propose and manage environmental, health and charity initiatives. The campaign, as well as its tactics and

communication channels stemmed from internal studies (Employee Opinion Survey), which revealed that 93% of employees wanted to support the community, to devote time and even their own resources for its development.

The program was launched in 2010 through an internal communication campaign - intranet, mail, internal radio, internal magazine, domestic spots, visits of the campaign Ambassador - Ideika (portrayed as a little girl with her head full of ideas, who receives initiatives from colleagues and together they implement them).

The objectives of the program are as follows:

1. Employee personal development, manager/community leader skills development, team spirit development.
2. Solving real social problems identified by the employees and supported by their time and dedication and the financial resources of the company and employees.
3. Create a positive image of the Group in local communities through its employees.
4. Promote volunteerism.

Awards

KMG International's annual CSR program, Together for Each and Everyone, has obtained over 20 awards in national and international competitions for several of its projects throughout the years, as recognition for the joint efforts of the Group, local authorities and civil society, as well as the volunteers involved. The sustainability report of KMG International has been awarded in 2016 with the Deloitte's Green Frog Award.

7. Appendices

a) articles of incorporation of the commercial company, if they have been modified during the reporting year;

Articles of incorporation of the Company was updated during 2015, in accordance with amendments brought by GEO 90/2015.

b) major contracts concluded by the commercial society during the reporting year;

S.C.ROMPETROL WELL SERVICES S.A. Ploieşti, as **provider-supplier,** has developed its activity based on contracts, whose object was services delivery related to oil and gas extraction.

In terms of **service contracts** concluded with various internal beneficiaries, the situation at the end of 2015 is as follows:

CLIENT	Contract value (lei)	Income (lei)
	2015	2015
OMV PETROM S.A. BUCURESTI	(*)	25,518,899
S.N.G.N. ROMGAZ S.A. MEDIAS	(*)	9,975,573
AMROMCO SRL PLOIESTI	(*)	3,459,667
STRATUM ENERGY ROMANIA LLC WILMINGTON Suc Blejoi	(*)	1,779,000
WEATHERFORD INTERNATIONAL EASTERN EUROPE SRL	(*)	862,747
PETROFAC SOLUTION& FACILITIES SUPORT SRL	(*)	805,236
ALTI OPERATORI -INTERN	(*)	6,696,646

(*) *There were contracts in execution in 2015 without total value specifications*

c) resignation/dismissal acts, if there were such situations among the members of the administrative department, executive management, auditors;

In 2015 have resigned the following members of the Board of Directors:

- Mr. Kuanysh Kudaibergenov beginning with 01.05.2015
- Mr. Talgat Issayev beginning with 01.07.2015

d) list of company's subsidiaries and societies under its control;
S.C.Rompetrol Well Services S.A. has no subsidiaries or societies under its control.

e) list of persons affiliated to the company[1]
S.C. Rompetrol Well Services S.A. is part of the Group: KMG International[2].

Rompetrol Group is registered to A.S.F. and at 12.31.2015 consisted of the following companies:

KMG International N.V.[3]
Oilfield Exploration Business Solutions S.A.[4]
Rompetrol Downstream S.R.L.
Rompetrol Rafinare S.A.
Palplast S.A.
Rompetrol Logistics S.R.L.
Rominserv S.R.L.
Rom Oil S.A.
Global Security Sistem S.A.
Uzina Termoelectrică Midia S.A.
Rompetrol Petrochemicals S.R.L.
Rompetrol Quality Control S.R.L.
Rompetrol Financial Group S.R.L.
Rompetrol Gas S.R.L.
Midia Marine Terminal S.R.L.
KMG Rompetrol S.R.L.[5]
Byron Shipping S.R.L.
EPPLN SAS (Entrepot Petrolier de Port La Nouvelle)
Rominserv Valves Iaifo S.R.L.
Byron Shipping LTD
Întreprinderea Mixta "Rompetrol Moldova" S.A.
Rompetrol Georgia LTD
Rompetrol France SAS
Dyneff SAS
Dyneff Espagne SL
BIONEFF SL
Dyneff Gas Stations Network SL (DYNEFF CATALOGNE SLU)
TMP SAS (Terminal Midi Pyrenees)
DPPLN SAS (Depot Petrolier de Port-la Nouvelle)
Rompetrol Ukraine LTD
AGAT LTD.
KAZMUNAYGAS-ENGINEERING LLP[6]
TRG PETROL TICARET ANONIM ŞIRKETI
Rompetrol Bulgaria AD
KazMunayGaz Trading A.G.
Rompetrol Energy S.A.
Rompetrol Albania Downstream Sh.A - liquidation proceedings
Rompetrol Albania Wholesale Sh.A - liquidation proceedings
Rompetrol Albania ShA - liquidation proceedings
Rompetrol Distribution Albania Sh.A. - liquidation proceedings

[1] *At this point they were listed all the companies within the Group: KMG International.*
[2] *Until March 2014, under the name The Rompetrol Group*
[3] *Until March 2014, under the name The Rompetrol Group N.V.*
[4] *Until June 2015 under the name Rompetrol S.A.*
[5] *In 2014 and changed its name from The Rompetrol Group Corporate Center S.R.L..*
[6] *With the old name Rominserv Kazahstan LLC*

KMG Investments B.V.
Rompetrol Exploration and Production S.R.L.
KazMunayGas Engineering B.V.
KazMunayGas Trading Singapore[7]
Benon Rompetrol
Rompetrol Drilling S.R.L.[8]
KMG ROMPETROL DEVELOPMENT S.R.L.[9]

CHAIRMAN OF THE ADMINISTRATION BOARD,
Mr. Yerzhan ORYNBASSAROV

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIESTI

GENERAL MANAGER,
Mr. Adrian Ion STĂNESCU

FINANCE MANAGER,
Mr. Vasile Gabriel MANOLE

[7] *Entered in the Group in the month March 2014*
[8] *Established in May 2014*
[9] *Established in 2015*

Annex 1-a

OPERATIONAL REVENUES

NAME ASSORTMENT	2013 ACTUAL RON	2013 %	2014 ACTUAL RON	2014 %	2015 ACTUAL RON	2015 %
1	2	3	4	5	6	7
Down-hole String	7.234.635,090	6,49	874.092,560	0,96	694.466,620	1,39
Slick Line Unit	2.504.521,330	2,25	1.921.580,380	2,10	708.658,250	1,41
Cementing Unit	54.389.196,610	48,78	52.550.524,980	57,52	30.056.187,810	59,99
Tank Truk	972.960,970	0,87	774.460,640	0,85	521.568,600	1,04
Power Tongs	4.323.000,120	3,88	2.804.144,790	3,07	1.248.617,540	2,49
Solution,spacer preparation	953.609,360	0,86	378.277,700	0,41	510.577,900	1,02
Lab Analisys	1.615.941,980	1,45	1.016.393,100	1,11	971.315,800	1,94
Bulk Truck	6.657.038,410	5,97	4.728.366,110	5,18	3.227.231,970	6,44
Non-fired Nitogen	1.588.187,890	1,42	855.353,460	0,94	55.498,000	0,11
Nitrogen Tank	769.300,020	0,69	529.644,270	0,58	34.477,000	0,07
Rental equipments	4.428.284,310	3,97	3.389.928,780	3,71	1.878.403,720	3,75
Rental tools	623.784,200	0,56	355.505,170	0,39	187.774,730	0,37
Data Acquitsition System	2.958.411,760	2,65	1.747.171,100	1,91	426.951,780	0,85
Cement Silo	333.506,000	0,30	54.569,390	0,06	49.131,850	0,10
Separator	0,000	0,00	0,000	0,00	0,000	0,00
Chlorine Hydride Tank	1.558.441,630	1,40	1.610.029,570	1,76	1.023.235,980	2,04
Nitrogen	1.801.223,940	1,62	892.822,050	0,98	25.000,000	0,05
Mileage	1.127.216,280	1,01	1.009.833,820	1,11	1.195.066,810	2,39
Others	17.651.690,100	15,83	15.871.434,130	17,37	7.286.722,640	14,54
OPERATIONAL REVENUES						
SC Rompetrol Well Sevices S.A.	**111.490.950,000**	**100,00**	**91.364.132,000**	**100,00**	**50.100.887,000**	**100,00**

Annex 1-b

STRUCTURE OF TURNOVER

NAME ASSORTMENT	2013		2014		2015	
	ACTUAL RON	%	ACTUAL RON	%	ACTUAL RON	%
1	2	3	4	5	6	7
Down-hole String	6.853.167,090	6,17	874.092,560	0,99	694.466,620	1,39
Slick Line Unit	2.504.521,330	2,25	1.921.580,380	2,18	708.658,250	1,42
Cementing Unit	54.389.196,610	48,95	52.550.524,980	59,69	30.056.187,810	60,14
Tank Truk	972.960,970	0,88	774.460,640	0,88	521.568,600	1,04
Power Tongs	4.323.000,120	3,89	2.804.144,790	3,19	1.248.617,540	2,50
Solution,spacer preparation	953.609,360	0,86	378.277,700	0,43	510.577,900	1,02
Lab Analisys	1.615.941,980	1,45	1.016.393,100	1,15	971.315,800	1,94
Bulk Truck	6.657.038,410	5,99	4.728.366,110	5,37	3.227.231,970	6,46
Non-fired Nitogen	1.588.187,890	1,43	855.353,460	0,97	55.498,000	0,11
Nitrogen Tank	769.300,020	0,69	529.644,270	0,60	34.477,000	0,07
Rental equipments	4.428.284,310	3,99	3.389.928,780	3,85	1.878.403,720	3,76
Rental tools	623.784,200	0,56	355.505,170	0,40	187.774,730	0,38
Data Acquitsition System	2.958.411,760	2,66	1.747.171,100	1,98	426.951,780	0,85
Cement Silo	333.506,000	0,30	54.569,390	0,06	49.131,850	0,10
Chlorine Hydride Tank	1.558.441,630	1,40	1.610.029,570	1,83	1.023.235,980	2,05
Nitrogen	1.801.223,940	1,62	892.822,050	1,01	25.000,000	0,05
Mileage	1.127.216,280	1,01	1.009.833,820	1,15	1.195.066,810	2,39
Others	17.651.690,100	15,89	12.541.481,130	14,25	7.160.860,640	14,33
TURNOVER	111.109.482,000	100,00	88.034.179,000	100,00	49.975.025,000	100,00

Annex no. 2

Status of compliance of the new BSE Governance Corporative Code
As of December 31th, 2015

Governance Corporative Code	Compliance	Not compliance or partial compliance	Reason for the non-compliance
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.		Partial compliance	The terms of reference / Board's responsibilities and key functions of the company management are also included in the company's Articles of Association. This requirement will be analyzed in the Board meetings in 2016.
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting nonquorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.		Partial compliance	The Articles of Association do not contain any provisions concerning the management of conflicts of interest. However, the recommendation of the Corporate Governance Code is complied with.
A.3. The Board of Directors should have at least five members.	YES		
A.4. The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment.		Partial compliance	Most of the Board members are non-executive directors. Currently, there are no independent directors. This requirement will be analyzed at Board level.
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES		

A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.		NOT	The requirement will be implemented.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.		Partial compliance	Support - legal department
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		NOT	The company will develop a policy / guidance concerning the Board's evaluation and including the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES		
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.		NOT	The requirement will be complied with when the annual statement for 2015 is prepared.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of nonexecutives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		N/A	The company is included in the Standard Category.
B.1. The Board should set up an audit committee, and at least one member should be an independent nonexecutive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.		NOT	Currently, the company does not have an audit committee. Considering that the organization at KMG International Group level also implies the existence of operational support functions with various responsibilities, the creation of consulting committees (such as audit, appointment,

			remuneration committees etc) at entity level was not necessary. The relation between the company and the functions at KMG International Group level is regulated by a service agreement. If the conditions are met and the need arises, the committee will be created.
B.2. The audit committee should be chaired by an independent nonexecutive member.		NOT	See the explanation at B.1.
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		NOT	See the explanation at B.1.
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		NOT	See the explanation at B.1.
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.		NOT	See the explanation at B.1.
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.		NOT	See the explanation at B.1.
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.		NOT	See the explanation at B.1.
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.		NOT	See the explanation at B.1.
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES		

B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.		NOT	This requirement will be analyzed by the Board in 2016.
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.		Partial compliance	In company not exist distinct department, the internal auditor being part of the budget-controlling department.
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.		Partial compliance	The internal auditor reports directly to the CEO, Board of directors and specific departments of KMG International Group
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. Any essential change of the remuneration policy should bepublished on the corporate website in a timely fashion.		NOT	The requirement will be implemented.
D.1. The company should have an Investor Relations function - indicated, byperson (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES		
• **D.1.1.** Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	YES		
• **D.1.2.** Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and nonexecutive Board positions in companies and not-for-profit institutions;		Partial Compliance	The recommendation is not implemented as concerns other professional commitments of the Board's members, including executive and non-executive positions in the boards of administration of other companies or non-profit institution. It will be implemented.

• **D.1.3.** Current reports and periodic reports (quarterly, semi-annual and annual reports);	YES		
• **D.1.4.** Information related to general meetings of shareholders;	YES		
• **D.1.5.** Information on corporate events;	YES		
• **D.1.6.** The name and contact data of a person who should be able to provide knowledgeable information on request;	YES		
• **D.1.7.** Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semiannual, annual), auditor reports and annual reports.		Partial Compliance	The requirement will be implemented.
D.2. A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.		NOT	The requirement will be implemented.
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.		NOT	The requirement will be implemented.
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.		NOT	The requirement will be implemented in 2016 year.
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES		
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.		NOT	Access of the specialists, consultants, experts and financial analysts in the General Ordinary Meeting of the Shareholders will be based on prior invitation of the President of the Board of Directors

D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES		
D.9. A company should organize at least two eetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/ conference calls.		Partial Compliance	The regular reports prepared by the company to disclose its financial items are complete, highly transparent and relevant in terms of information necessary for making investment decisions. The organization of such events will be established depending on the requests from investors.
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES		

CHAIRMAN OF THE ADMINISTRATION BOARD,

Mr. YERZHAN ORYNBASSAROV

SOCIETATEA COMERCIALA ROMPETROL WELL SERVICES S.A. PLOIEȘTI

GENERAL MANAGER,

Mr. ADRIAN STĂNESCU