

Senior Vice President of KMG International, which is owned by Kazakh state-owned KazMunayGas, Azamat Zhangulov said that the Chinese company China Energy Company Limited (CEFC) has extended the deadline for the acquisition of KMG International for a few months. According to the agreement from April, the deadline was due to expire in October. Zhangulov stressed that the deadline was extended in the context of the discussions that Rompetrol carries out with the Romanian state, adding that the agreement with CEFC will continue, but it will probably take another few months to finalize the new terms of agreement.

Regarding the company's intentions to launch the arbitration procedure against the Romanian state, Zhangulov reiterated that there had been no discussion with state representatives on this matter so far. He also pointed out that the company did not receive any request to extend a Memorandum of Understanding signed with the Romanian Government in 2013, which is due to expire later this year.

According to the agreement signed in April, Chinese CEFC and KazMunayGas will establish a joint venture in which CEFC will have 51 % stake, while the remaining 49 % will be held by KMG. CEFC will pay 680 million dollars for 51 % stake, with the obligation to invest additional 3 billion dollars in the next five years. CEFC plans further investment and expansion of KMG International's fuel distribution network from 1,000 to 3,000 petrol stations.

However, in mid-May, prosecutors from the Romanian Directorate for Investigating Organized Crime and Terrorism (DIICOT) continued their investigation on possible tax fraud during the privatization of the country's largest oil refinery Petromidia, which is now part of KMG International. The prosecutors announced that they have frozen the company's assets worth about 670 million euros, which is the estimated damage to the state caused by illegal activities carried out by the refinery's former owners in complicity with Romanian officials. Kazakh state-owned oil company KazMunayGas is accused of failing to settle debts inherited from Rompetrol, the former owner of the refinery prior to the sale in 2007.

Romanian oil company Rompetrol Rafinare, which operates within KMG International Group, increased its pre-tax profit in the first half of 2016 by 60 %, while the company's turnover dropped by 14 % compared to the same period last year. The company, which operates Petromidia and Vega oil refineries, achieved profit in the amount of 12.6 million euros in the first six months of this year, while its turnover amounted to 1.5 billion euros in the same period. By comparison, Rompetrol Rafinare achieved turnover of 1.77 billion euros in the first half of 2015.