Societatea **N**ationala de **G**aze **N**aturale “**ROMGAZ**” SA

Consolidated Board of Directors’ Report

2018

Contents

I. 2018 ROMGAZ GROUP OVERVIEW

1.1. Romgaz Group in figures

Romgaz Group recorded in 2018 a ***revenue*** of RON 5,004.2 million, increasing by 9.14% (RON 419.0 million) as compared to the previous year.

The Net Profit of RON 1,366.2 million was by RON 480.7 million lower than the net profit for 2017 when it recorded an 81.03% increase than in 2016. Following factors influenced the net profit:

- Increase by 51% of *petroleum royalty* expenses (RON 445 million in 2018 as compared to RON 294 million in 2017) as a result of National Agency of Mineral Resources Order no.32/2018[1] whereby the reference price used to calculate the royalty becomes the reference price of index CEGH (Central European Gas Hub) Austria;
- Increase by RON 164 million (43%) of the *windfall tax* further to the deregulation of prices in the gas sector;
- Gas field assets impairment of RON 142 million as a result of an internal analysis regarding their profitability;
- RON 47 million impairment of the current Iernut powerplant further to an internal analysis regarding its profitability;
- Doubling *exploration costs* representing 3D seismic services for the discovery of new reserves (RON 98 million in 2018 as compared to RON 48 million in 2017);

The consolidated net profit per share was RON 3.54.

The ***achieved margins*** of the consolidated net profit (27.3%), consolidated EBIT (30.6%) and consolidated EBITDA (44.8%) confirm that the Group continues to maintain a high profitability.

In 2018, ***Romgaz Group*** made investments of RON 1,188.5 million, by 47% (RON 368.2 million) higher than in 2017 and the value of the fixed assets commissioned was RON 326.6 million.

In 2018, *Romania's natural gas consumption* and Romgaz deliveries were similar to the level of the previous year, recording a slight evolution, according to ANRE and to the company's consumption estimations[2].

Natural gas production increased for the second consecutive year, being higher by 3.39% namely 175 million m^3 than the production recorded in 2017 (5,333 million m^3 in 2018 vs 5,158 million m^3 in 2017). This production, according to estimations, ensured Romgaz a ***50.67% market share*** of internal gas deliveries for consumption, and a **45.98%** market share of deliveries for the total consumption of Romania.

The 2018 Romgaz ***electricity production*** was 1,165.2 GW by 37.48% lower than 2017 production because of the units' unavailability due to works on the new power plant and to high gas demand for consumption and storage. According to Transelectrica, Romgaz' market share is 1.83%.

[1] NAMR Order 32/February 9, 2018 on approving the methodology for setting the reference price for the gas produced in Romania

[2] As ANRE did not publish the gas market monitoring reports from December 2018, the data used for national consumption are estimated data.

Operational Results

The table below shows a summary of the main production indicators, royalty and storage services:

Q4 2017	Q3 2018	Q4 2018	Δ Q4 (%)	Main indicators	2017	2018	Δ '18/'17 (%)
1,406	1,282.0	1,411	0.36	Gas production (million m^3)	5,158	5,333	3.39
1,393	1,792	2,589	85.86	Condensate production (tons)	5,742	7,867	37.01
103	92	104	1.43	Petroleum royalty (million m^3)	371	388	4.44
398.3	284.4	414.5	4.07	Electricity production (GWh)	1,863.8	1,165.2	-37.48
537.0	12.3	819.0	52.51	Invoiced UGS withdrawal services (million m^3)	1,745.5	1,949.9	11.71
121.8	860.0	119.6	-1.81	Invoiced UGS injection services (million m^3)	1,497.6	1,731.2	15.60

Natural gas quantities produced, delivered, injected into and withdrawn from gas storages are shown in the table below (million m^3):

Item No	Specifications	2016	2017	2018	Ratios
0	1	2	3	4	5=4/3x100
1.	**Gross production – total**, including:	4,219.4	5,157.5	5,333.3	103.4%
1.1.	*own gas	4,068.0	4,987.7	5,177.1	103.8%
1.2.	*Schlumberger (100%)	151.3	169.8	156.3	92.0%
2.	Technological consumption	54.5	74.5	86.4	116.0%
3.	**Net gas production** (*1.-1.2.-2.*)	4,013.6	4,913.2	5,090.6	103.6%
4.	Own gas injected into UGS	414.7	253.5	348.1	137.3%
5.	Own gas withdrawn from UGS	462.6	723.5	479.4	66.3%
5.1.	*gas cushion			6.9	
6.	Difference from conversion to Gross Calorific Value	4.5	2.7	1.4	51.9
7.	**Delivered own gas** (*3.-4.+5.-6.*)	**4,057.0**	**5,380.5**	**5,220.5**	**97.0%**
8.1.	Gas sold in UGS	79.2	0.0	8.1	-
8.2.	Gas delivered to CTE Iernut and Cojocna from Romgaz's gas	463.7	506.4	326.7	64.5%
9.	**Own gas delivered to the market** (*7.+8.1.-8.2.*)	**3,672.5**	**4,874.1**	**4,901.9**	**100.6%**
10.	**Gas from joint ventures– total**, including:	**149.0**	**175.5**	**163.6**	**93.2%**
	*Schlumberger (50%)	75.7	84.9	78.2	92.0%
	Raffles Energy) (37.5%)	0.3	0.1	-	-
	Amromco) (50%)	73.0	90.5	85.4	94.4%
11.	Gas purchase from domestic production (including imbalances)	11.2	27.0	9.7	35.9%
12.	**Traded domestic gas** (*9.+10.+11.*)	**3,832.7**	**5,076.6**	**5,075.2**	**100.0%**
13.	**Gas delivered from domestic production** (*8.2+12.*)	**4,296.4**	**5,583.0**	**5,401.9**	**96.8%**
14.	Delivered import gas	6.8	33.0	181.4	549.7%
15.	Gas delivered gas to CTE Iernut and Cojocna from other sources (including imbalances)	4.8	40.3	19.4	48.1%
16.	**Total delivered gas** (*13.+14.+15.*)	**4,308.0**	**5,656.3**	**5,602.7**	**99.1%**
*	Invoiced UGS withdrawal services	1,440.9	1,745.5	1,949.9	111.7%
*	Invoiced UGS injection services	1,367.4	1,497.6	1,731.2	115.6%

Note: the information are not consolidated; these include the transactions between Romgaz and Depogaz.

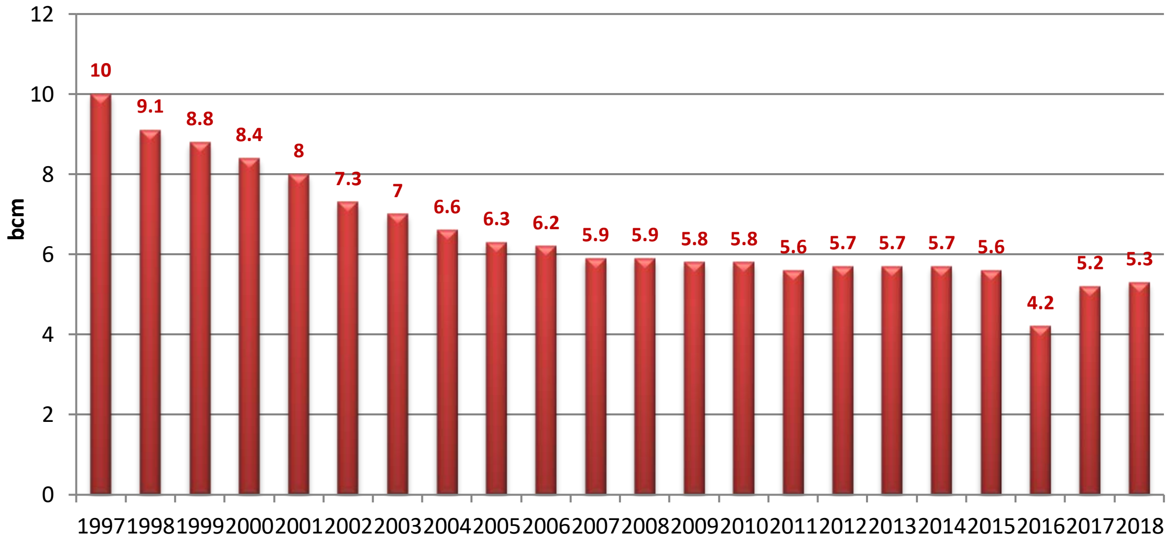
*) – *as regards* Romgaz-Schlumberger *association, produced gas is fully included in Romgaz production, and then split in equal shares between the two partners, and traded separately. With respect to the joint ventures with* Raffles Energy *and* Amromco, *the produced gas does not represent Romgaz production but the value of gas is reflected in Romgaz revenue, proportionally with its respective participating interest share in the joint ventures.*

**) *include Romgaz natural gas withdrawal/injection services*

Natural gas production lies in the parameters forecasted in the 2018 program, achieving 101.6% of the planned production (5,333 million m^3 – achieved vs 5,250 million m^3 – planned).

The production level was maintained by the ongoing production rehabilitation projects of the main fields, workover and recompletion operations for 130 wells, installing new gathering pipelines and compression units and bringing into production new fields.

The natural gas production evolution during 1997-2018 is shown below:



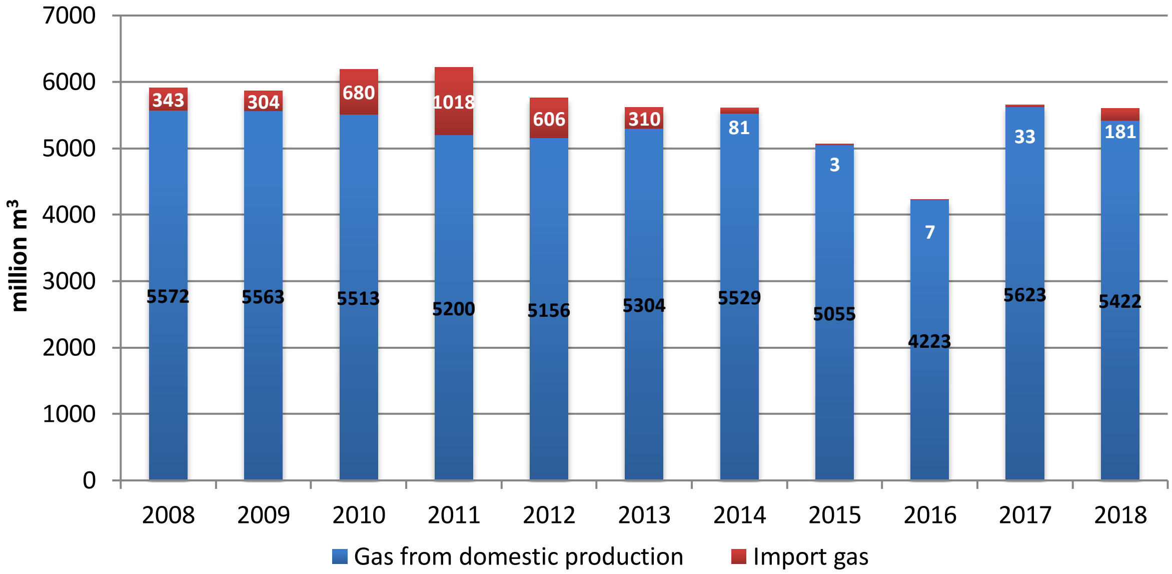
Romgaz *electricity production* decreased by 37.48% as compared to the similar period of 2017, as noticed in the data shown below, is due to the unavailability of the units for the works performed at the new power plant and the high gas demand for consumption and storage.

The table below shows the quarterly electricity production for 2018, as compared to 2017:

MWh

	2017	2018	Variation
1	2	3	4=(3-2)/2x100
1st Quarter	611,483	287,287	46.98%
2nd Quarter	388,249	178,933	46.09%
3rd Quarter	465,812	284,429	61.06%
4th Quarter	398,300	414,539	108.08%
Year total	1,863,844	1,165,189	62.51%

Romgaz is one of the largest gas suppliers in Romania. The evolution of gas supplies[3] during 2008-2018 is shown below:



Relevant Consolidated Financial Results

** million RON **

Q4 2017 restated **)	Q3 2018	Q4 2018	Δ Q4 (%)	Main indicators	2017 restated **)	2018	Δ '18/'17 (%)
1,343.5	970.1	1,559.6	16.08	Revenue	4,585.2	5,004.2	9.14
1,544.1	1,070.7	1,531.2	-0.84	Income	4,786.0	5,048.8	5.49
837.5	799.9	1,164.7	39.07	Expenses	2,667.7	3,464.3	29.86
1.2	(0.9)	0.6	-50.00	Share of profit of associates	1.4	0.6	-57.14
707.8	269.8	367.5	-48.08	Gross profit	2,119.8	1,585.2	-25.22
97.9	41.0	27.8	-71.60	Income tax expense	316.1	219.0	-30.72
609.9	228.8	339.7	-44.30	Net profit	1,803.6	1,366.2	-24.25
456.7	256.0	354.2	-22.44	EBIT**)	1,853.0	1,531.9	-17.33
627.3	398.3	673.9	7.43	EBITDA**)	2,405.5	2,240.0	-6.88
1.70	0.6	0.86	-49.41	Earnings per share EPS**) (RON)	4.79	3.54	-26.10
45.4	23.6	21.78	-52.03	Net profit ratio**) (% from Revenue)	34.0	27.3	-19.71
34.0	26.4	22.71	-33.21	EBIT Ratio (% from Revenue)	40.4	30.6	-24.26
46.69	41.1	43.2	-7.47	EBITDA Ratio (% from Revenue)	52.46	44.8	-14.6
6,198	6,137	6,214	0.3	Number of employees at the end of the period	6,198	6,214	0.3

*) In 2018 the Group voluntarily modified the accounting policy regarding recognition of costs with seismic, geological, geophysical works and other similar operations. According to the new policy such costs are recognised as expense when they are incurred. Previously, such costs were recognised as exploration intangible assets. Information on previous periods were restated to ensure comparability with the current period. At the same time the Group modified in 2018 the calculation method of the well decommissioning provision, replacing average cost of equity with the related interest rate of the 10 year liability government bonds as liability discount rate, in compliance with industry practices. Moreover, in 2018 the Group reanalysed the depreciation of the gas cushion

[3] comprises own gas from domestic production, including gas delivered to CTE Iernut and Cojocna, 50% of the gas from Schlumberger joint venture and gas purchased from the domestic production of other producers

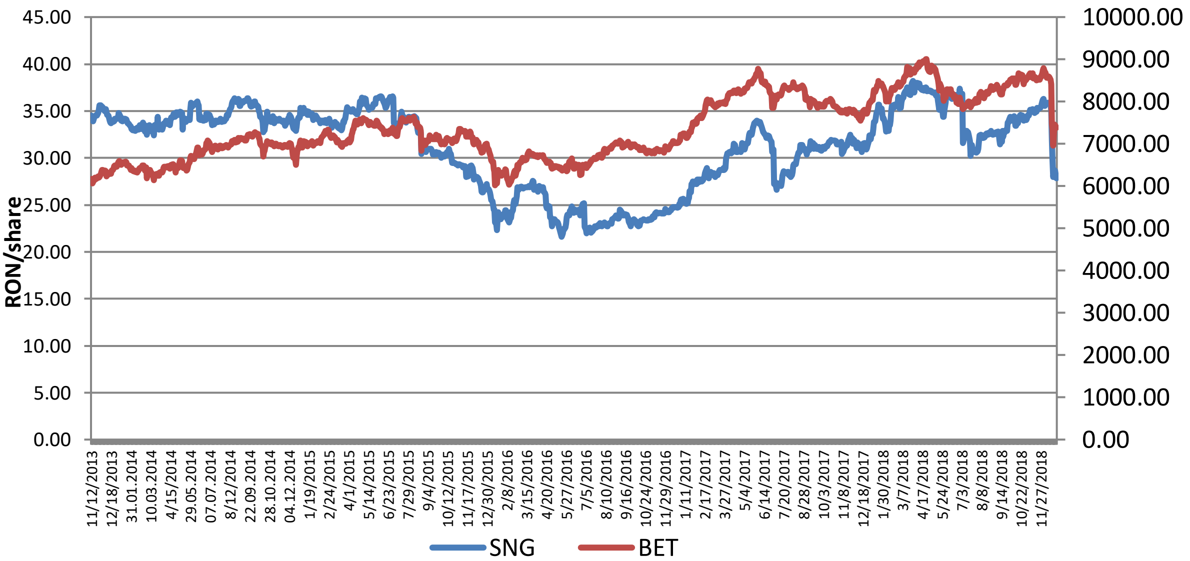
recorded as non-current asset and concluded that it should not have been depreciated; the correction affected the previous periods, therefore they have been restated in order to make them comparable to the current period. The information related to the quarters were not restated to reflect the gas cushion correction; the estimated value of the depreciation per quarter is RON 2.3 million, the quarterly result shown above is smaller by that amount. More information on these restatements are shown in the consolidated and individual financial statements annexed to this report.

**) EBIT and EBITDA for 2017, those related to Q4 2017 respectively and their margins are adjusted by the income recorded following the completion in 2017 of the fiscal audit related to excise, taking into account the single nature of such income

Romgaz on the stock exchange

Since November 12, 2013 the company's shares have been traded on the regulated market governed by BVB (Bucharest Stock Exchange) under the "***SNG***" symbol, and the GDRs on the regulated market governed by LSE (London Stock Exchange) under the "***SNGR***" symbol.

Performance of Romgaz shares compared to the evolution of BET index (Bucharest Exchange Trading) from listing to December 31, 2018 is shown below:



1.2. Important events

February 12, 2018

ANRM issued Order no.32 providing that the royalty for the gas produced in Romania is calculated based on the SPOT prices of CEGH as reference price.

March 7, 2018

The General Meeting of Shareholders approved the increase of Romgaz participating interest in the off-shore exploration-production block EX-30 Trident, by taking over 2.2% free of charge further to the withdrawal of PanAtlantic from the partnership.

March 29, 2018

ANRE issued Order no.58 on approving the total income, the regulated income, the economic efficiency annual growth rate and underground gas storage tariffs for the underground gas storage activity performed by *SNGN Romgaz SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploieşti SRL*.

April 1, 2018

As of April 1, 2018 the subsidiary managing the gas storage activity is operational under the name of *SNGN Romgaz SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploieşti SRL*.

Therefore, subject to EC Directive No. 73/2009 implemented by Electricity and Natural Gas Law 123/2012 (art. 141), the storage activity is unbundled from SNGN Romgaz SA and performed by a storage operator, a subsidiary where SNGN Romgaz SA is sole associate.

The Subsidiary took over the operation of underground storages licensed by SNGN Romgaz SA, the operation of assets that are used for performing the activities and the entire personnel that performs storage activities.

April 13, 2018

At CET Iernut, an assumed failure (leakage) of the bulkhead isolating an oil separator from direct discharge of wastewater in the emissary called for repair works. Therefore, on April 13, 2018 further to such works an accidental water-oil emulsion spill occurred, that neither contained any toxic substances for the aquatic environment nor affected the public health or Mures river flora and fauna. Further to the findings of *SC Centrul de Mediu si Sanatate SRL Cluj Napoca* team of professionals, the volume of water/oil emulsion spill in Mures River was of about 1.44m^3. The National Administration "Romanian Waters" sanctioned the company with a civil penalty of RON 17,500 and the Environment Guard – Mures County Commission with a civil penalty of RON 25,000. The company paid RON 214,000 for ecological works performed in Mures River. The company initiated an investigation to identify the cause of the incident, and to take all measures to prevent other potential events that may generate accidental pollution.

May 31, 2018

The American company DeGolyer&MacNaughton performed in H1 2018 an external audit of Romgaz natural gas reserves and contingent resources, sending the final report to Romgaz on May 31, 2018.

June 4, 2018

In compliance with *GEO no.109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented*, the selection procedure of Board members was finalised.

June 14, 2018

The Board of Directors decided to appoint Mr. Volintiru Adrian Constantin as chief executive officer of the company with a four months mandate until completion, in line with the law, of the selection procedure of the chief executive officer for a four-year mandate.

June 18-26, 2018

The company continued in H1 2018 the actions required for the transition of the integrated quality, environmental, occupational health and safety management system to the 2015 revisions of SR EN ISO 9001 and SR EN ISO 14001, as well as for fulfilling the requirements of SR OHSAS 18001.

Further to the external audit performed by SRAC CERT Bucuresti, SNGN Romgaz SA received confirmation that its integrated quality, environmental, occupational health and safety management systems fulfil the new requirements, the transition occurred without any findings of unconformities and therefore, the company received new certificates in compliance with the reference standards 9001:2015, 14001:2015 and SR OHSAS 18001:2008.

July 6, 2018

After exercising the cumulative voting method the Company's shareholders appoint by Resolution no.8 the following persons as members of the Board of Directors, for a four- year mandate:

- Nistoran Dorin Liviu
- Volintiru Adrian Constantin
- Ungur Ramona
- Grigorescu Remus
- Ciobanu Romeo Cristian
- Jude Aristotel Marius
- Jansen Petrus Antonius Maria.

July 16, 2018

Start of the CEO selection procedure.

August 28, 2018

By Resolution no.39, the Board of Directors appointed Mr. Bobar Andrei as Chief Financial Officer of the company for a limited period starting from August 28, 2018 to November 2, 2021).

October 1st, 2018

By Resolution no. 45, the Board of Directors appointed Mr. Volintiru Adrian Constantin as Chief Executive Officer for a four-year mandate.

November 12, 2018

The Romanian Parliament issues Law no.256 on taxation and other measures for performing off-shore petroleum operations.

December 21, 2018

The initial volume of proved reserves increased further to investments made at some natural gas commercial fields governed by petroleum agreements, therefore the time period necessary for their valorisation is higher than initially estimated (that lied under the legal limit of 30 years provided by the Petroleum Law 238/2004).

In this respect, the Romanian Government approved on December 21, 2018:

- Addenda to the Petroleum Concession Agreements for development-production;
- Petroleum Concession Agreements for production concluded between the National Agency for Mineral Resources and Romgaz for 11 commercial fields.

The approval of these petroleum agreements confirms the existence of the concession rights and consequently the right to produce from these blocks, eliminating the risk mentioned in the Initial Public Offering Prospectus related to the validity of these petroleum agreements.

December 28, 2018

The Romanian Government issued GEO no.114/2018. Main provisions related to the gas and electricity market are:

- gas sales price for producers is limited at 68 RON/MWh;
- regulated electricity price for households, possible gas basket for industrial consumers;

- 2% contribution from the revenue recorded from natural gas and electricity sales or from the profit from re-sales, with possible deductions;
- distributing 35% from the amounts allocated to other reserves, if the distribution does not impact the investment plan and if there is sufficient cash and cash equivalents.

II. THE PARENT COMPANY AT A GLANCE

2.1. Identification Data

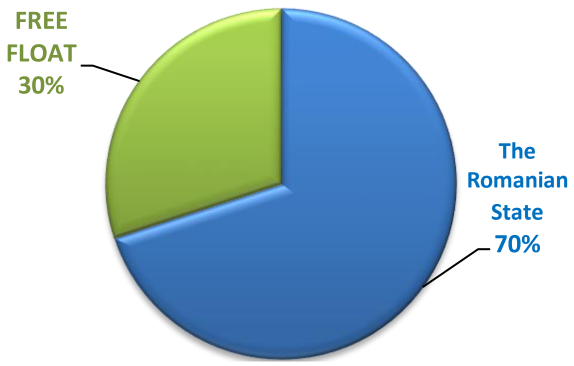
Name: Societatea Nationala de Gaze Naturale "ROMGAZ" SA
Main scope of activity: natural gas production and UGS
Address: Medias, 4 Constantin I. Motas Square, 551130, Sibiu County
Trade Registry registration number: J32/392/2001
Fiscal registration number: RO14056826
LEI Code: 2549009R7KJ38D9RW354
Legal form of establishment: joint-stock company
Subscribed and paid in share capital: RON 385,422,400
Number of shares: 385,422,400 each having a nominal value of RON 1
Regulated market where the company's shares are traded: Bucharest Stock Exchange (shares) and London Stock Exchange (GDRs)
Phone: 0040 374 401020
Fax: 0040 269 846901
Web: www.romgaz.ro
E-mail: secretariat@romgaz.ro

Bank accounts opened at: Banca Comerciala Romana, BRD-Groupe Société Générale, Citibank Europe, Patria Bank, Raiffeisen Bank, Banca Transilvania, ING Bank, Eximbank, CEC Bank.

Shareholder Structure

As of December 31, 2018 the shareholder structure is:

	Number of shares	%
	Number of shares	%
The Romanian State[4]	269,823,080	70.0071
Free float – total, including:	115,599,320	29.9929
*legal persons	98,004,388	25.4278
*natural persons	17,594,932	4.5651
Total	**385,422,400**	**100.0000**



[4] The Romanian State through the Ministry of Energy

In financial year 2018 the Company ***neither performed transactions with own shares*** nor held own shares.

2.2. Company organization

Romgaz organization structure is a hierarchy-functional type, with a number of six hierarchy levels, from company's shareholders to execution personnel, as follows:

- General Meeting of Shareholders
- Board of Directors
- Director General
- Deputy Directors General
- Heads of functional and operational compartments subordinated to the Director General and to the Deputy Directors General
- Execution Personnel

The responsibilities of the Board of Directors are detailed in the Company's Articles of Incorporation and as well in the BoD Terms of Reference.

The Director General, the Deputy Directors General, Economic Director, as well as the branches' directors are key people in the structure of the company. The heads of compartments (branches/departments/directions/offices etc.) representing the connection between the upper structure and the employees of the respective compartment are directly subordinated to the afore-mentioned.

Each compartment has its own well-defined attributions in the company's Organization and Operating Regulation and all these elements work as a whole.

The tasks, competencies and responsibilities of the execution personnel are included in the job descriptions related to each position.

Until March 31, 2018, the company had seven branches set up based on the specific of the activities performed and on the region (natural gas production branches) as follows:

- Sucursala Medias (Medias Branch) having its office in Medias, 5 Garii Street, postal code 551025, Sibiu County, territorially organized in 8 sections;
- Sucursala Targu Mures (Targu Mures Branch) having its office in Tirgu Mures, 23 Salcamilor Street, postal code 540202, Mures county, territorially organized in 8 sections;
- Sucursala Ploiesti (Ploiesti Branch) having its office in Ploiesti, 184 G. Cantacuzino Street, 100492, Prahova County, territorially organized in 2 sections and 2 workshops;
- Sucursala de Interventii, Reparatii Capitale si Operatii Speciale la Sonde Medias (SIRCOSS – Branch for Well Workover, Recompletions and Special Well Operations) having its office in Medias, 5 Soseaua Sibiului Street, 551009, Sibiu County, territorially organized in 3 sections and 5 workshops;
- Sucursala de Transport Tehnologic si Mentenanta Targu Mures (STTM – Technological Transport and Maintenance Branch) having its office in Targu Mures, 6 Barajului Street, 540101, Mures County, territorially organized in 3 sections and 3 workshops;
- Sucursala de Productie Energie Electrica Iernut (SPEE – Iernut Power Generation Branch) having its office in Iernut, 1 Energeticii Street, 545100, Mures County;
- Sucursala Bratislava (Bratislava Branch) having its office in Bratislava, City Business Centre V.-Karadžičova 16, code 82108, Slovakia.

As of April 1, 2018 Sucursala Ploiesti ceased its activity and ***SNGN Romgaz SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploieşti SRL*** became operational, managing the natural gas underground storage activity.

Therefore, subject to EC Directive No. 73/2009 implemented by Electricity and Natural Gas Law 123/2012 Law, (art. 141), the storage activity is unbundled from SNGN Romgaz SA and performed by a storage operator, a subsidiary where SNGN Romgaz SA is sole associate.

The Subsidiary took over the operation of the underground storages licensed by SNGN Romgaz SA, the operation of assets that contribute to performing the storage activity and the entire personnel performing storage activities.

Information about the Subsidiary can be found at: https://www.depogazploiesti.ro

2.3. Mission, Vision and Values

Romgaz **Mission** is energy production and supply, provision of underground gas storage activities under quality, safety, continuity and flexibility conditions. The company uses all resources responsible and ethically to obtain long-term profit.

Vision

ROMGAZ proposes to be an active, profitable and competitive player on the gas and electricity production market.

Romgaz has to pursue both a strong development on the local market and the development on the international market in order to become an important player on the regional energy market.

Values promoted by Romgaz are mainly the following:

2.4. Strategic Objectives

In order to meet its main business scope by efficiently using material, financial, informational and human resources, the company set the following strategic objectives:

- increase of the gas resources and reserves portfolio through the discovery of new resources and the improvement of the recovery rate of already discovered resources;
- identify new growth and diversification opportunities;
- increase the company's performance;
- optimization, development and diversification of the UGS activity by reconsidering its importance in terms of safety, continuity and flexibility of the natural gas supply;
- increase efficiency of the underground gas storages to improve gas trading capacities;
- increase daily production through investments that reduce dependency of the daily production capacity from the reservoir pressure;
- maintain the natural production decline at maximum 1.5% /year;
- consolidate the position on the energy supply market;
- optimise and increase efficiency of the company's organisational structure;
- elaborate a predictable dividend distribution policy to help potential investors understand the company's financial structure;
- expand the business regionally by identifying new business opportunities;
- implement corporate governance principles and the Ethics and Integrity Code;
- develop reporting, control and risk management capacities;
- responsible and active involvement in corporate social responsibility actions.

III. REVIEW OF ROMGAZ GROUP BUSINESS

3.1. Business Segments

Romgaz Group undertakes business in the following segments:

- natural gas exploration and production;
- UGS activity (the Subsidiary);
- natural gas supply;
- special well operations and services;
- maintenance and transportation services;
- power generation and supply;
- natural gas distribution.

Exploration - Production

In Romania Romgaz is titleholder or co-titleholder of the following petroleum agreements:

- as tiltleholder of petroleum operations for exploration-development-production in 9 blocks with 100% participating interest and in 4 blocks as co-titleholder under certain concession agreements;
- 154 commercial fields;
- exploration and production rights in Slovakia.

Exploration

Since October 1997, the exploration activity has been carried out in 8 blocks in Transylvania, Moldova, Muntenia, and Oltenia, in accordance with the Concession Agreement approved by Government Decision No 23/2000.

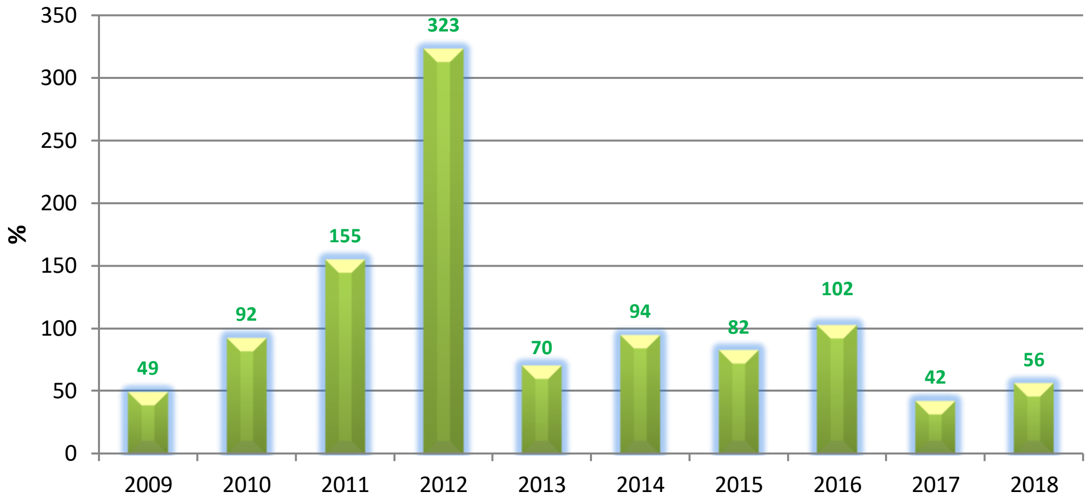
In 2018, six exploration wells out of ten were tested with gas and temporarily abandoned until the necessary infrastructure is constructed to turn these into experimental and final production. The success rate of 60% lies within the average margin of 35%-65% recorded in the international hydrocarbon production activity.

3,000 million m^3 turned from prospective resources to contingent resources by well 7 Merii and well 4 Tapu.

Romgaz designs and plans all exploration works based on its own concepts by using modern professional software, assessments of the geological area's prospectivity displaying specific features within the blocks under concession. These are performed by using specific surface exploration methods to identify the areas with hydrocarbon accumulations (prospects), followed by exploration drilling to prove the presence of accumulations.

The results materialised in 2012in the highest reserve replacement ratios of 323%.

The table below shows the evolution of the reserves replacement ratio during 2009-2018:



Reserves replacement ratio was influenced by the reduced volume of updated commercial fields and by postponing investments in the infrastructure necessary for commissioning production facilities.

Production

The 2018 annual program for petroleum operations considered the gas demand dynamics, reactivation, recompletion and workover operations, bringing in production wells resulted from exploration activities and production wells, maintenance programs of compressor stations and of dehydration stations, commissioning of new compressor units and the dynamics of import gas flows injected

The company's gas production was higher than the 2017 production (5,333 million m^3 vs 5,158 million m^3). According to estimates, this production ensured Romgaz a **50.67%** market share of internal production gas deliveries for consumption and a **45.98%** share of deliveries for Romania's total consumption.

The production of 5,333 million m^3 was by 3.4%, namely 175 million m^3 higher than the planned one, triggered by:

investments made for extension/upgrading of surface facilities; commissioning a new metering panel for delivering gas into the NTS and a new gathering pipeline for Caragele led to a production increase of 500 thousand m^3/day;

continuous production rehabilitation of the main mature fields Filitelnic, Delenii, Laslău, Sădinca, Nadeş-Prod-Seleuş, Roman, Corunca Sud, Târgu Mureş, Grebeniş, Piscu Stejari-Hurezani;

bringing in new wells, performing workover and well recompletion operations.

Underground Gas Storage (UGS)

In 2018 Romania had 8 UGSs in depleted gas reservoirs out of which 7 were in operation. Romgaz owns and operates 6 UGSs having a total capacity of 4.335 billion m^3 and a working gas volume of 2.920 billion m^3.

Nationally, the ratio between the working gas volume and the annual consumption was about 22% in 2018. This level is in the first upper half of the international values chart of Europe.

In 2018 the ratio of stored gas volumes to the working volume of the UGS's was 69%.

The UGS activity performed by Depogaz Subsidiary is a business segment regulated by ANRE (National Authority for Energy Regulation) with regard to UGS operators' licensing and the access to the UGSs, as well as setting the tariffs related to UGS activity.

Natural Gas Supply

After a thorough restructuring, the natural gas sector is currently split into independent activities. The Romanian natural gas market includes a NTS operator (Transgaz), producers (Romgaz and Petrom with a 97% market share), UGS operators, companies for the distribution and supply of gas to non-eligible customers, and suppliers on the wholesale market.

The natural gas market in Romania consists of the *competition segment*, which includes gas trading activities between suppliers and between suppliers and eligible consumers, and the *regulated segment*, which includes monopoly-like activities performed in accordance with framework contracts (transmission, underground storage, distribution and supply at a regulated price).
In terms of supply, Romgaz held during 2010-2018 a national market share ranging between 37 and 46%:

	M.U.	2011	2012	2013	2014	2015	2016	2017	2018
National consumption	bcm	14.4	13.5	12.5	12.2	11.6	11.8	12.3	12.3
Romgaz traded volumes (domestic + import)	bcm	6.3	5.9	5.7	5.7	5.1	4.4	5.7	5.7
Romgaz market share	%	43.87	42.82	44.5	46.1	44.0	37.1	46.3	46.0

The above quantities include gas from own internal production, domestic gas purchased from third parties, 100% gas from Schlumberger joint venture and import gas. As compared to previous years, 2018 deliveries include gas delivered to Iernut and Cojocna for electricity production, as well as technological consumption.

Well Workover, Recompletions and Special Operations

SIRCOSS was set up in 2003 in accordance with the GSM Resolution No5/June 13, 2003.

The branch performs two types of activities:

- well workover, recompletion operations and production tests;
- special well operations.

All *well workover, recompletion operations and production tests operations* are performed by means of rig installations.

The second activity consists of *special well operations*, namely services supplied by means of different transportable equipment for downhole or surface operations.

During the past years, most of services were supplied for the wells within the company's portfolio, yet, well workover and special well operations were also supplied to other companies that have under concession and operate gas wells in Romania.

Transportation and Maintenance

STTM was established in October 2003, by taking over the means of transportation from Medias, Targu-Mures and Ploiesti branches.

The branch's scope of activity is the transportation of goods and people, the specific technological transportation, and the maintenance activity for the benefit of the company and of third parties.

Electricity Generation and Supply

CTE Iernut is an important junction point in the National Power Grid located in the centre of the country, in Mures County on the left bank of Mures River between towns Iernut and Cuci. Gas supply, industrial water and power discharge facilities are forthcoming.

CTE Iernut is operated under Sucursala de Producţie Energie Electrică (SPEE).

CTE Iernut has an installed capacity of 600 MW split into 4 energy groups: two 100 MW energy units of Czechoslovakian manufacturing and two 200 MW energy units of Soviet manufacturing. The groups were commissioned between 1963 and 1967. As of January 20, 2019 the energy units 2 and 3 of 100 MW were excluded from CTE Iernut.

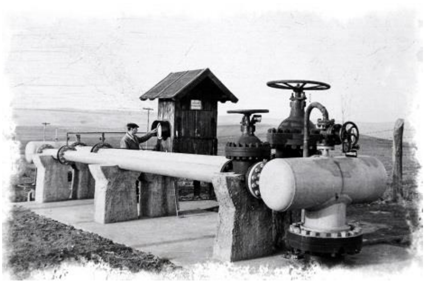
Cojocna Project is an outcome of the pressing need of finding ways to experimentally produce from a series of wells resulted from exploratory drilling, in order to determine, as detailed as possible, the production potential of such area. The wells were located far from each other and from the National Transmission System (NTS).

Therefore, the gas from wells Palatca 1, Vaida 1 and 2 is used as fuel gas for two electricity generation units, each having 1.5 MW power.

Natural Gas Distribution

The natural gas distribution is a regulated business segment and the company's activity is currently limited to Ghercesti and Piscu Stejari areas. Romgaz has concession agreements with the Ministry of Economy for Ghercesti area and with Piscu Stejari Town Hall for Piscu Stejari distribution. The activity is carried out by Targu-Mures Branch.

3.2. Brief History



Societatea Nationala de Gaze Naturale "ROMGAZ" SA is Romania's most important natural gas producer and supplier. The company's experience in the field of gas exploration and production exceeds 100 years. Its history began in 1909 when the first natural gas commercial reservoir was discovered in the Transylvanian Basin upon the drilling of well Sarmasel-2.

The most important historic benchmarks are:

1909
- Natural gas discovery in Sarmasel (Transylvanian Basin)

1913
- First gas production recorded in Romania (113,000 m^3)

1925
- Setting up the National Gas Company "SONAMETAN"

1958
- First UGS in Romania at Ilimbav, Sibiu County

1972
- Use of compressors in the course of production

1976
- Maximum gas production obtained by Romgaz (29,834 million m^3)

1979
- Started to import natural gas from the Russian Federation

1991
- Centrala Gazului Metan was reorganized to Regia Autonoma "ROMGAZ" RA

1998
- "ROMGAZ" RA becomes Societatea Naţională de Gaze Naturale "ROMGAZ" SA

2000
- SNGN "ROMGAZ" SA was reorganized in five independent companies (SC "Exprogaz" SA Mediaş, SNDSGN "Depogaz" SA Ploieşti, SNTGN "Transgaz" SA Mediaş, SC "Distrigaz Sud" SA Bucureşti şi SC "Distrigaz Nord" SA Tîrgu-Mureş

2001
- **The current SNGN "ROMGAZ" SA Medias was established**

2013
- Company shares are traded on Bucharest Stock Exchange and London stock Exchange (GDR's)

2015
- Unbundling the underground gas storage activity by setting up Filiala de Înmagazinare Gaze Naturale Depogaz SRL Ploieşti

2018
- As of April 1, 2018 Filiala de Înmagazinare Gaze Naturale Depogaz SRL Ploieşti became operational

3.3. Mergers and Reorganizations, Acquisitions and Divestment of Assets

Unbundling of underground gas storage activity

In compliance with European and national applicable laws, Directive 2009/73/EC[5] and Gas Law No 123/2012[6] Romgaz has to legally unbundle the gas storage activity from gas production and supply activities.

According to the provisions of article 141, paragraph 1 of the Law (which transcribes article 15, paragraph 1 of the Directive) a storage operator under a vertically integrated economic operator must be independent from other activities not related to transmission, distribution and underground storage activities at least from legal, organizational and decision-making perspective.

Therefore, considering the above mentioned matters, it is compulsory to legally unbundle the gas storage activity from the gas production and supply activities performed by Romgaz by establishing a separate company to act as independent storage operator.

The Extraordinary General Meeting of Shareholders approved by Resolution no.10/19.12.2014 (item 2) to set up the subsidiary "*SNGN ROMGAZ SA - Filiala de Înmagazinare Gaze Naturale "Depogaz" Ploieşti S.R.L.*".

The subsidiary became operational as of April 1, 2018.

Changes to the organizational structure

A series of ***changes to the organizational structure*** were performed in 2018:

- Decision no.48 of the Board of Directors of October 1, 2018 modified the company's organisational structure by setting up at the headquarters a Legal Department;
- Decision no.61 of the Board of Directors of December 14, 2018 modified the organisational structure at the headquarters and at its branches' as follows:
    - headquarters: setting up the Receivable Recovery Office within the Legal Department and changing the Risk Management Office into Risk Management Department;
    - SIRCOSS Medias and STTM Targu Mures – setting up a work team in each branch.

No mergers of the company took place in financial year 2018.

[5] Directive 2009/73/EC of the European Parliament and Council on July 13, 2009 concerning common rules of the internal market in the natural gas sector and repealing Directive 2003/55/EC
[6] Electricity and Gas Law no. 123 of July 10, 2012

3.4. Group Business Performance

3.4.1. Company Overall Performance

The Company's revenues are generated mainly from gas production and delivery (own gas production and delivery, gas produced by joint ventures, import gas deliveries and gas deliveries from other domestic producers), from supply of underground gas storage services, from production and supply of electric energy and from other specific services.

Financial Results

** RON thousand **

Item no	Description	2017 (reviewed)	2018	Ratio (2018/2017)
0	1	2	3	4=3/2x100
1	**Total Income, out of which:**	**4,786,044**	**5,048,815**	**105.49%**
	*operating income	4,762,911	4,991,422	**104.80%**
	*financial income	23,133	57,393	**248.10%**
2	Revenue	4,585,186	5,004,197	109.14%
3	**Expenses, out of which:**	**2,667,667**	**3,464,253**	**129.86%**
	*operating expenses	2,646,959	3,388,441	**128.01%**
	*financial expenses	20,708	75,812	366.10%
4	Share of associates' result	**1,375**	622	**45.24%**
5	**Gross Profit**	**2,119,752**	**1,585,184**	**74.78%**
6	Income tax	316,118	219,016	69.28%
7	**Net Profit**	**1,803,634**	**1,366,168**	**75.75%**

The Total Income of 2018 was higher than the 2017 income by 5.49%.

Below are the compared economic-financial indicators for 2017 and 2018 and their detailed structure split by activity:

Compared economic-financial indicators ** RON thousand **

Description	2017	2018	Indices (2018/2017)
1	2	3	4=3/2x100
Revenue	4,585,186	5,004,197	109.14%
Cost of commodities sold	(61,095)	(245,020)	401.05%
Investment Income	22,350	53,279	238.38%
Other gains and losses	(120,068)	(102,989)	85.78%
Net losses from impairment of trade receivables		(19,941)	n/a
Changes in inventories	(186,651)	(32,180)	17.24%
Raw materials and consumables	(64,329)	(75.460)	117.30%
Depreciation, amortization and impairment	(552.446)	(708,142)	128.18%
Employee benefit expense	(562,894)	(621,330)	110.38%

Finance cost	(18,791)	(29,724)	158.18%
Exploration Expenses	(183,121)	(247,123)	134.95%
Share of associates' result	1,375	622	45.24%
Other Expenses	(1,101,933)	(1,409,447)	127.91%
Other Income	364,169	18,442	5.06%
Profit before tax	**2,119,752**	**1,585,184**	**74.78%**
Income tax expense	(316,118)	(219,016)	69.28%
Profit for the year	**1,803,634**	**1,366,168**	**75.75%**

Structure of indicators split by activity-2017 ** RON thousand **

Description	TOTAL 2017 including:	Gas production and deliveries	Underground Gas Storage	Electricity	Other activities	Settlement between segments
1	2	3	4	5	6	7
Revenue	4,585,186	3,760,366	566,246	545,317	264,544	(551,287)
Cost of commodities sold	(61,095)	(50,038)	(7)	(10,313)	(737)	-
Investment Income	22,350	321	1,488	26	20,515	-
Other gains and losses	(122,068)	(84,297)	(3,271)	(1,672)	(32,828)	-
Changes in inventories	(186,651)	(117,084)	(72,025)	124	2,334	-
Raw materials and consumables	(64,329)	(46,681)	(9,695)	(1,167)	(10,369)	3,583
Depreciation, amortization and impairment	(552,446)	(431,820)	(95,827)	(6,560)	(18,239)	-
Employee benefit expense	(562,894)	(357,407)	(54,832)	(33,432)	(117,223)	-
Finance cost	(18,791)	(17,143)	(1,648)	-	-	-
Exploration Expenses	(183,121)	(183,121)	-	-	-	-
Share of associates' result	1,375	-	-	-	1,375	-
Other Expenses	(1,101,933)	(1,119,837)	(75,083)	(389,388)	(66,064)	548,439
Other Income	364,169	362,945	198	39	1,722	(735)
Profit before tax	**2,119,752**	**1,716,204**	**255,544**	**102,974**	**45,030**	**-**
Income tax expense	(316,118)	-	-	-	(316,118)	-
Profit for the year	**1,803,634**	**1,716,204**	**255,544**	**102,974**	**(279,322)**	**-**

Structure of indicators split by activity-2018 ** RON thousand **

Description	TOTAL 2018, including:	Gas production and deliveries	Underground gas storage	Electricity	Other activities	Settlement between segments
1	2	3	4	5	6	7
Revenue	5,004,197	4,522,558	355,135	388,514	356,486	(618,496)
Cost of commodities sold	(245,020)	(212,492)	(142)	(34,084)	(805)	2,503
Investment income	53,279	74	456	10	52,739	-
Other gains and losses	(102,989)	(61,366)	2,970	(2,446)	(42,147)	-
Loses from impairment of trade receivables	(19,941)	(20,103)	-	163	(1)	-
Changes in inventories	(32,180)	(13,380)	(21,606)	77	2,729	-
Raw materials and consumables	(75,460)	(54,882)	(21,530)	(1,213)	(11,033)	13,198

Depreciation, amortization and impairment	(708,142)	(529,727)	(98,481)	(61,512)	(18,422)	-
Employee benefit expense	(621,330)	(390,737)	(57,578)	(34,411)	(138,604)	-
Finance cost	(29,724)	(25,815)	(3,909)	-	-	-
Exploration expense	(247,123)	(247,123)	-	-	-	-
Share of associates' result	622	-	-	-	622	-
Other expenses	(1,409,447)	(1,504,998)	(151,725)	(281,861)	(76,755)	605,892
Other income	18,442	16,575	3,757	82	1,125	(3,097)
Profit before tax	**1,585,184**	**1,478,584**	**7,347**	**(26,681)**	**125,934**	-
Income tax expense	(219,016)	-	(754)	-	(218,262)	-
Profit for the year	**1,366,168**	**1,478,584**	**6,593**	**(26,681)**	**(92,328)**	-

Revenue

Revenue and the revenue weight on activity segments is shown in the table below:

Description	2016		2017		2018	
	RON mil	% R	RON mil	% R	RON mil	% R
Gas production and delivery activity	2,857.7	83.76	3,760.4	82.01	4,522.6	90.37
UGS activity	358.6	10.51	566.2	12.35	355.1	7.09
Electricity generation and delivery activity	399.0	11.69	545.3	11.89	388.5	7.76
Other activities	239.2	7.01	264.5	5.77	356.5	7.12
Settlement between branches	-442.7	-12.98	-551.3	-12.02	-618.4	-12.35
TOTAL Revenue	**3,411.9**	**100.00**	**4,585.2**	**100.00**	**5,004.2**	**100.00**

Financial Income

The financial income is higher by 148.1% than the one recorded in the previous year. Financial income consists mainly of interests from cash in bank deposits and in state bonds.

Expenses

Description	Year 2017 (RON thousand)	Year 2018 (RON thousand)	Ratio (2018/2017)
1	2	3	4=3/2x100
Operating expenses	2,646,959	3,388,441	128.01%
Financial expenses	20,708	75,812	366.01%
Total expenses	**2,667,667**	**3,464,253**	**129.86%**

Financial Expenses

Financial expenses during 2018 are higher by 366.1% as compared to the previous year due to impairment recorded in connection with the investment made by the Group in Electrocentrale Bucuresti.

Chapter 7 shows more details on the different categories and a comparative assessment thereof.

Economic-Financial Results

Compared financial results are shown in the table below (RON thousand):

Description	2017	2018	Ratio (2018/2017)
1	2	3	4=3/2x100
Operating results	2,115,952	1,602,981	75.76%
Financial results	2,425	(18,419)	n/a
Share of associates' result	1,375	622	45.24%
Gross result	**2,119,752**	**1,585,184**	**74.78%**
Income tax	316,118	219,016	69.28%
Net Result	**1,803,634**	**1,366,168**	**75.75%**

Gross result during January – December 2018 in amount of RON 1,585,184 thousand is lower than the gross result of the similar period of 2017 by 25.22%.

The 2018 financial result is below the 2017 one, due to the impairment recorded in connection with the investment made by the Group in Electrocentrale Bucuresti.

Financial Performance of the company is also emphasized by the evolution of indicators presented in the table below:

Indicators	Calculation Formula	M.U.	2017 restated	2018
1	2	3	4	5
Working capital (WC)	$C_{lt}-A_f = E+L_{nc}+Pr+S_i-A_f$	RON mil	3,384	1,894
Working capital requirements (WCR)	$(A_{st}-L+P_p) - (L_{crt}-Cr_{st}+I_{df})$	RON mil	3,157	1,327
Net cash	$WC-WCR = L-Cr_{st}$	Ron thousand	227	567
Economic Rate of Return (ERR)	$P_g/C_{lt}x100$	%	22.46	19.01
Return on Equity	$P_n/Ex100$	%	19.92	17.80
Return on Sales	$P_g/Rx100$	%	47.57	31.68
Return on Assets	$P_n/Ax100$	%	17.09	14.96
EBIT	$P_g+Ex_i-I_r$	RON thousand	2,159	1,532
EBITDA	EBIT+Am	RON thousand	2,708	2,240
ROCE	$EBIT/C_{emp}x100$	%	22.23	18.37
Asset Solvency	E/Lx100	%	85.80	84.05

where:

C_{lt}	long-term capital;	I_{df}	deferred income
A_f	non-current assets;	P_g	gross profit;
E	equity;	P_n	net profit;
L_{nc}	non-current liabilities;	R	revenue;
Pr	provisions;	A	total assets;
S_i	investment subsidies;	Ex_i	interest expense;
A_{st}	short term assets;	I_r	interest income
L	liquidity position;	Am	amortization and impairment;
Pp	Prepayments;	C_{emp}	capital employed (total assets–current liabilities)
Cr_{st}	short-term credit;	L	total liabilities

3.4.2. Sales

Sales' evolution and perspective

The entire quantity of gas traded by Romgaz was sold on the internal market. Romgaz traded quantities delivered on free market both by bilateral negotiation and on the centralized market. Quantities delivered during 2018 have been traded 60% on the Romanian centralized market.

Description		2018	2017	2016	2018/2017	2017/2016
Delivered gas	mil.cm	5,602.7	5,656.3	4,308.0	-0.95%	31.30%
Sales to third parties	mil.cm	5,256.6	5,109.6	3,839.5	2.88%	33.08%
Gas for electricity production in own power plant	mil.cm	346.1	546.7	468.5	-36.69%	16.69%

From the total of quantities of gas delivered to third parties the following available means of trade have been used:

- gas delivered on the basis of contracts concluded on centralized markets: 35.99 TWh;
- gas delivered on the basis of bilateral contracts: 19.01 TWh

Even if ROMGAZ's gas production increased, the volumes delivered in 2018 recorded a sensitive decrease, approximately 99% as compared to those recorded in 2017 and the volumes from own production reaching 97% as compared to 2017.

Nevertheless, gas delivered to third parties increased by 2.8%, mainly due to contribution of quantities of import gas and decrease of the quantities delivered to CET Iernut. It is worth mentioning the increase of traded import gas with 150 million m^3 beyond the level of 2017; this increase partially compensated the decrease of gas volumes traded from underground storages that was of approximately 250 million m^3. At the same time, the quantity of gas used at CET Iernut decreased by 64% as compared to 2017, namely approximately 200 million m^3. The status of deliveries and sources is shown in the table from pages 4-5.

As regards the means of trading through Romanian centralized markets, Romgaz's weight was significant, approximately 54% of the total of gas traded on these markets with delivery in 2018 were sold by Romgaz. In terms of quantity, Romgaz traded over 35 TWh with delivery in 2018 on centralized markets, from the total of 65 TWh, representing the total transactions performed on these markets with the same period of delivery.

Starting with September 2018 the short term centralized markets became operational and Romgaz started to be active on the day ahead market, respectively intraday market in order to optimize the sales on one hand and to balance the portfolio, on the other hand.

For 2019 the perspectives for the company's gas trades are characterized by:

- conclusion during 2018 of contracts with delivery in 2019 for approximately 60% of the sales estimates for this year;
- the large majority of gas quantity has been contracted on centralized market, approximately 60%, maintaining the percentage of 2018. For gas traded on centralized markets with delivery in 2019, Romgaz obtained an annual weighted average price of RON 91/MWh, similar with the price obtained on the market (considering all available sources, average prices obtained by other sellers in the market especially competing producers or competing sources from import);

- Uncertainties occurred by GEO no.114/2018[7] including measures that significantly affects the company's business, especially by capping the price at RON 68/MWh for gas sold from current domestic production and enforcing the contribution of 2% on revenue. The impact over Romgaz's business will be determined following the preparation of secondary legislation by ANRE.
- Implementation of projects that will increase the capacities of exporting gas from Romania to other countries (especially to Hungary and Bulgaria), which would lead to a proper interconnection of gas transmission networks from Romania and would represent an alternative in terms of gas trade. This aspect must be viewed in connection with the regulation framework that will be prepared by applying GEO no. 114/2018.

We estimate the preservation of gas production and sales, corroborated with a decrease of energy production at CET Iernut for 2019 considering the works that will be performed to put the new power plant into operation.

Given GEO no. 114/2018 and the secondary legislative framework, Romgaz estimates an increase of total gas demand on the market, especially due to stimulating consumption at a regulated price below the current price level, both on household market and, especially on the industrial customer market.

The competitive status and share in the market of the company's products and services

During 2018, the Romanian gas market continued to apply the European regulations in the field, especially for the preparation and application of Network Code, in accordance with *Regulation 312/2014 on balancing the gas transmission systems*. The entire secondary legislation necessary to implement the entry-exit system has been prepared, and the Virtual Transaction Point and short term markets became operational, on one hand, and long and medium term markets of standardized products became operational as well, on the other hand.

On gas market, as regards the sources, the competition was favourable for internal producers, considering the prices relatively high for import gas. However, the additional gas demand and the suppliers' obligations related to gas storage as well led to creation of opportunities for import gas.

According to the company's estimates, the national gas demand remained at an approximatively constant level as compared to 2017. Import of gas on the Romanian market recorded an increase by approx. 16 TWh, while the quantities imported by Romgaz were of approximately 2 TWh. These increased quantities together with the additional Romgaz production compensated the lower quantities delivered on the market by the other participants in the market.

In accordance with the data provided by the system operator, the national electricity production was of 63,933,510 MWh in 2018. On this market, Romgaz held a market share of 1.82% below the share of 37.67% recorded in the previous year.

The yearly evolution of electricity production and market share:

Description	2018 (MWh)	2017 (MWh)	2016 (MWh)	2018/2017 (%)	2017/2016 (%)
Domestic production	63,933,510	63,747,760	64,288,078	0.29	-0.84
Romgaz's production	1,165,055	1,863,788	1,628,368	-37.49	14.46
Romgaz's market share	1.822	2.924	2.533	-37.67	15.43

[7] GEO no.114 on December 12, 2018 establishes measures in the field of public investments and some fiscal-budgetary measures, amends and supplements some pieces of legislation and extends some deadlines.

As regards the generation sources, during November 2018, the electricity was produced by (approximate levels, ANRE source, market reports):

- 30% hydro;
- 22 % coal;
- 18 % nuclear;
- 15% gas;
- 15 % renewable sources and other producers

Market Dependence

The situation of Romanian gas market allowed the company to have an extended portfolio of customers both on centralized markets and as regards the contracting by direct negotiation. Moreover, the company has a balanced portfolio as regards the ratio of the final consumer market (especially the power plants) to wholesale market where it sells gas to suppliers.

3.4.3. Prices and Tariffs

The regulatory framework for natural gas ***production***, transmission, ***distribution, supply and storage***, organization and operation of the gas sector, market access as well as criteria and procedures for granting authorizations and/or licenses in the natural gas sector are set by Law No 123/2012.

Romgaz Group operates both on regulated market, performing underground gas storage and distribution activities, and on the free market, performing gas and electricity production and supply activities.

Underground Gas Storage (UGS)

The revenues from the underground storage business and the storage tariffs are regulated since April 1, 2004, by *ANRGN Decision no. 1078/2003*, abrogated by *ANRE Order no. 22* of *May 25, 2012* on approval of the Methodology for approving prices and setting regulated tariffs in the gas sector, published in the Official Gazette of Romania no. 379 of June 6, 2012.

The storage tariffs applied for the two compared periods are those approved by ANRE Order no. 58 of March 27, 2015 (between January 1, 2017 and March 31, 2018) and ANRE Order no. 58 of March 29, 2018 (starting on April 1, 2018), respectively.

There must be mentioned that ANRE Order no.9 of March 23, 2016 and Order no. 19 of March 30, 2017 extended the term for applying Order No. 58/2015.

The storage tariffs applied are described in the table below:

Tariff Component	M.U.	Tariffs (January 1st, 2017- March 31, 2018)	Tariffs (starting on April 1st, 2018)
Volumetric component for *gas injection*	RON/MWh	2.37	**1.68**
Fixed component for *capacity reservation*	RON/MWh/ storage cycle	13.68	**9.90**
Volumetric component for *gas withdrawal*	RON/MWh	1.87	**1.67**

Natural Gas Supply

The final gas price for the customer is the sum of the weighted average gas acquisition price, the tariffs of transmission, storage and distribution, and the trading component, according to the following formula:

Final price = Weighted average price of gas acquisition + Transmission tariff + Storage tariff + Distribution tariff + Trading component

The distribution tariffs depend on the distribution area and on the distribution system operator. Regulated prices and tariffs are calculated by the "*revenue-cap*" method for underground storage and gas transmission and by the "*price-cap*" method for regulated distribution and supply.
According to the provisions of Article 181, paragraph (5) of Law No. 123/2012, *the domestic gas acquisition price on the regulated market* is set by Government Decision, at the proposal of the competent ministry, and is updated by ANRE and ANRM, in accordance with the provisions of the Calendar for gradual deregulation of prices for the final customers.

The table below shows the gas supply average prices in the period 2016-2018:

Description	M.U.	2016	2017	2018
1	2	3	4	5
Average supply price for internal gas production[8]	RON/1000 m^3	698.30	695.74	783.42
	RON/MWh	66.36	66.33	74.94
Average price for import gas	RON/1000 m^3	1,597.47	898.27	1,134.84
	RON/MWh	105.74	83.81	105.65

Natural Gas Distribution

Distribution tariffs and final regulated prices valid during the period analysed have been approved by ANRE Orders, as follows:

- ANRE Order No. 57/2015 on modification of ANRE Order no. 120/2014 on setting regulated tariffs for gas distribution services and approval of prices for regulated gas supply performed by Societatea Natională de Gaze Naturale "ROMGAZ" - S.A. Medias, (as of July 1, 2015);
- ANRE Order No. 58/2016 on setting regulated tariffs for gas distribution service and approval of prices for regulated gas supply performed by Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Medias (as of October 1, 2016);
- ANRE Order No. 89/2017 on setting the regulated tariffs for gas distribution services and approval of prices for regulated gas supply performed by Societatea Naţională de Gaze Naturale "ROMGAZ" - S.A. Medias (as of October 1, 2017);
- ANRE Order No. 146/2018 on setting the regulated tariffs for gas distribution services and approval of prices for regulated gas supply performed by Societatea Naţională de Gaze Naturale "ROMGAZ" - S.A. Medias (as of August 1, 2018).

The applied tariffs and prices are presented in the table below:

Description	July 1, 2015 – September 30, 2016	October 1, 2016-September 30, 2017	October 1, 2017-August 31, 2018	August 1, 2018-present
Distribution tariffs (RON/MWh):				
*B1 consumption up to 23.25 MWh	44.01	44.01	52.48	**52.70**

[8] Including commodity gas and gas from the association with Schlumberger and without storage services costs

*B1 annual consumption between 23.26 and 116.28 MWh	40.06	40.06	47.91	**47.91**
*B1 annual consumption between 116.29 and 1,116.78 MWh	44.01	44.01	47.01	**47.01**
*B1 annual consumption between 1,116.79 and 11,627.78 MWh	40.06	40.06	45.77	**46.21**
Final regulated prices (RON/MWH):				
*B1 consumption up to 23.25 MWh	117.75	117.75	123.27	**152.23**
*B1 annual consumption between 23.26 and 116.28 MWh	113.13	113.13	118.49	**147.44**

3.4.3. Human Resources

On December 31, 2018 Romgaz Group had 6,132 employees and SNGN Romgaz SA had 5,626 employees. As of April 1, 2018 a number of 504 employees terminated their labour contracts concluded with the company continuing their activity under Depogaz Subsidiary.

The evolution of the company's number of employees between January 1, 2015 – December 31, 2018 is shown in the table below:

Description	2015	2016	2017	2018	
				Romgaz Group	SNGN Romgaz SA
1	2	3	4		
Employees at the beginning of the year	6,344	6,356	6,246	6,198	6,198
Newly hired employees	159	168	233	286	241
Employees who terminated their labour relationship with the company	147	278	281	270	751
Employees at the end of the year	6,356	6,246	6,198	6,214	5,688

The structure of employees at the end of 2018 was the following:

a) by level of education

- University 24.64 %
- Secondary education 28.02%
- Foreman education 3.15 %
- Vocational school 33.26 %
- Middle school 10.93 %

b) by age

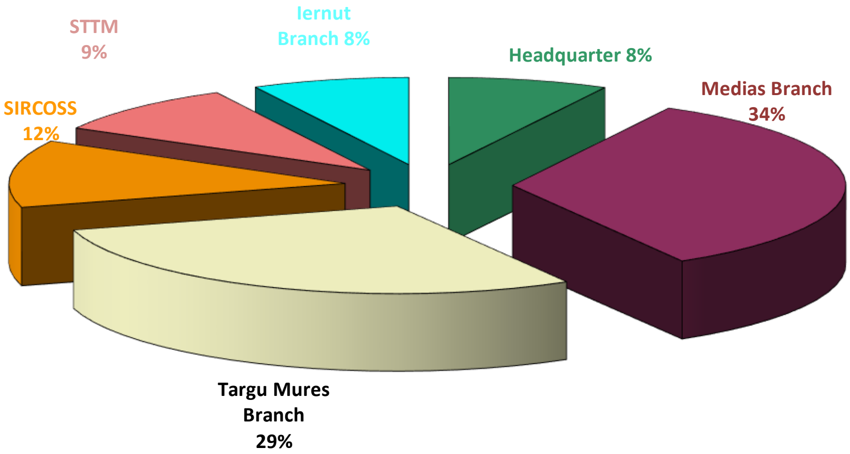
- under 30 years 4.43 %
- 30-40 years 14.55 %
- 40-50 years 35.68 %
- 50-60 years 36.58 %
- over 60 years 8.77 %

c) by activities

- gas production 63.53 %
- production tests/well special operations 11.52 %
- health 1.29 %
- transportation 8.43 %
- gas storage 8.46 %

- electricity production 6.76 %.

Distribution of Romgaz employees by headquarters and by branches is shown in the figure below:



The structure of the company's employees from the headquarters and from branches is shown in the table below:

Entity	Workers	Foremen	Administrative Employees	Total
1	2	3	4	5
Headquarters	37		428	**465**
Mediaş Branch	1,494	88	338	**1,920**
Targu-Mures Branch	1,319	53	271	**1,643**
SIRCOSS	517	52	147	**716**
STTM	397	20	107	**524**
Iernut Branch	273	42	105	**420**
TOTAL	**4,037**	**255**	**1,396**	**5,688**

The main areas of ***training*** in 2018 were the increase of competitiveness and professional performance by improving the professional training.

Thus, the following were taken into account:

→ training of administrative employees in various areas of activity, in cooperation with training suppliers from the country and abroad;

→ authorization/re-authorization, according to specialization and work;

→ skills improvement and vocational training of workers through internal training courses.

A number of 2,414 employees were trained during 2018 and the costs of such professional training and skills improvement training courses were of RON 1,577,499.

The annual training program was implemented as follows:

- 1,352 persons participated in professional training programs with professional subjects applicable to their activity;
- 684 persons participated in training courses to obtain authorization/re-authorization in accordance with their specialization and work place;
- 372 persons participated in internal training courses;

- 6 persons participated in qualification courses at work place.

During 2018, the professional training activity focused mainly on sustaining the increase of adaptability to new economy requirements based on knowledge, in order to ensure and update the required competencies for employees working in the technical, economic and research-development field etc.

Within Romgaz there are two ***trade unions***, as follows:

- "*Sindicatul Liber din cadrul S.N.G.N. Romgaz S.A.*", consisting of 6,146 members;
- "*Sindicatul Extracţie Gaze şi Servicii*", consisting of 10 members.

Thus, the total number of union members within Romgaz Group is 6,156 as compared to 6,214 representing the total number of employees. The union members/total number of employees ratio is 99.07%.

Relationship between manager and employees: following negotiations, the parties have agreed to conclude a Collective Labour Agreement, valid for 2017 and 2018. On November 28, 2018, by an addendum, the parties set the extension of the Collective Labour Agreement concluded by SNGN Romgaz SA, registered at Territorial Labour Inspectorate Sibiu under no 22606/28.12.2016, valid from December 29, 2018 until December 28, 2019.

During 2018, ***there were two conflicts between the management and the trade union,*** in progress on December 31, 2018 (see Annex 2 – Litigations: Items 55 and 384).

3.4.4. Environmental Aspects

In 2018, the environment protection activity continued to focus on compliance of Group's business with the applicable legal requirements on environment protection. Another aim was meeting specific objectives related to:

- Increase of awareness regarding compliance with legal requirements;
- Pursuing the accomplishment of all reports imposed by the environment legislation in force, by centralizing the information required and reported by Romgaz Branches and submitted to public authorities;
- Rendering efficiency to environment protection, a support for the management process.

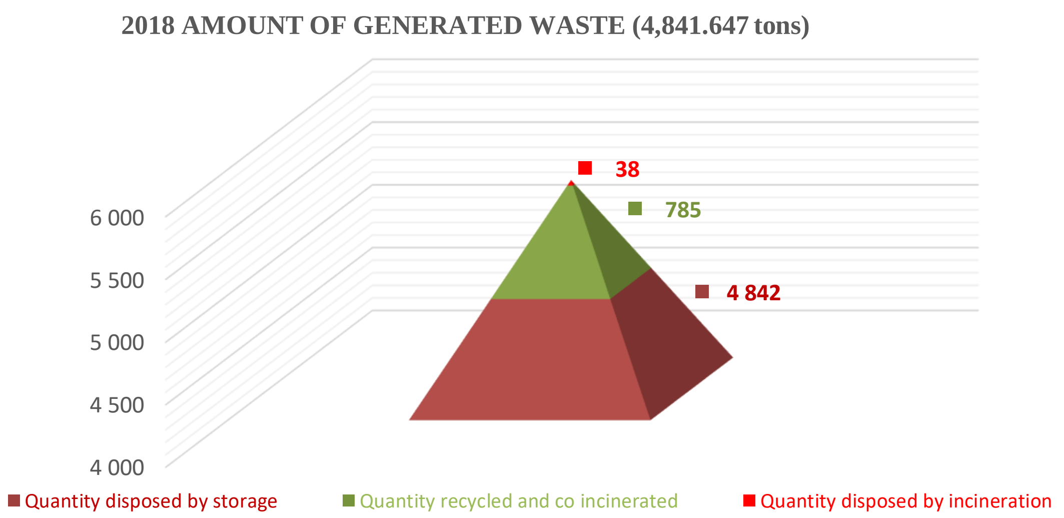
The environment protection activities during 2018 focused on:

- Complying with permitting requirements:
    - Complying with legal requirements relating to environment permits for all 144 units. In this respect, the conformity degree is 100%.Thus, for 6 units the company has required and obtained the review of the permits, for 7 units reauthorisation was requested and obtained, for 4 units documents for temporary interruption of the activity have been submitted and for 7 units documents for abandoning gas production wells;
    - Complying with legal requirements regarding waste water management permits, for:
        - ✓ 88 units, for which the conformity degree is 100% to be noted that for 7 units re-authorization permits are in process of being obtained, for 13 units a point of view for necessity of reauthorisation was requested and for 2 objectives abandoning documentation was submitted;

- ✓ 40 units related to reservoir water systems/injection wells, out of which one is in process of obtaining the re-authorization and for 3 units the abandoning documentation was submitted;

A company-wide application has been developed to monitor environment/water/injection permits, and to permanently analyse and continuously supervise compliance with legal requirements in the field of environment protection;

- ➢ Disposal of waste generated from own activity, according to the legal requirements in force. In 2018, the company managed a quantity of 4,841,647 tons of waste, out of which 785.049 tons were recycled and co-incinerated (744.904 tons were recycled and 40.145 tons were co-incinerated), 38.445 tons of waste were disposed by incineration and 4,018.153 tons of waste were disposed by storage.



In 2018, the "*Program for Prevention and Reduction of Waste Generated by S.N.G.N. Romagaz S.A.*" pursued the accomplishment of the measures thereunder and this can be consulted accessing the link https://www.romgaz.ro/ro/content/program-de-prevenire-si-reducere-cantitatilor-de-deseuri.

The Program aims at identifying the objectives, targets and policy actions the company is required to comply with in its waste management activity in order to fulfil the company's strategic objectives.

- ➢ Monitoring the compliance with legal requirements on environment protection. In 2018 Romgaz did not exceed the limits permitted by regulations in force, with the effluents discharged into surface water bodies or sewage networks;

  In 2018, three external environment complaints was recorded, as follows:

  - Pollution with oil products into the Mures river. It has been strictly pursued the implementation of all measures imposed by the two regulation authorities in the field, namely the Water Basin Administration Mures and the National Environmental Guard of Mures County, requested by finding documents. With due urgency, Romgaz undertook all necessary measures to minimise the effects of pollution with oil products and determined technical and organizational measures to prevent these type of event;
  - Non-compliance with some legal requirements related to a proper management of reservoir water- structure Petis (well 11 Petis) and infringement of rules

related to tonnage access and legal speed admitted on the access roads to well 11 Petis. In this respect, in accordance with the CEO's Decision no 91/2018, a Commission has been established to verify the event. This complaint was partially unjustified, the pollution with reservoir water was not found, this being properly managed by the company. For the aspects related to access to wells and in order to prevent this kind of incidents, an operational procedure on *"Works to ensure access, to prepare the well site for the units where works at the well are to be performed*" has been prepared, thus ensuring the collaboration with local authorities for the access to wells locations using public roads;

- Pollution with reservoir water and hydrocarbons on the plaintiff's land FPGN Oniscani. Following the internal inspections, analysis of the soil samples, resulted that the values/hydrocarbons samples or chloride content were not exceeded, the conclusion being that there was no pollution generated by Romgaz's activity. In this respect, the plaintiff and the National Environment Guard Mures County have been notified over the conclusion of expertise;

➢ After extending the scope of business by taking over Iernut thermoelectric power plant, the aim was complying with the legal requirements applicable in this field of activity, in 2018 being monitored the emissions for burners IMA 1, 4, 5.

As of December 31, 2018, Romgaz held in the account of the Sole Register of Greenhouse Gas Emissions a number of 279,103 CO_2 certificates.

Romgaz acquired as linking availability (availability of EUA – ERU certificates correlation) a number of 51,598 ERU certificates available to be used for conformity during 2013 – 2020.

According to Decision No.1096 of December 17, 2013 for the approval of provisional free allocation of greenhouse certificates to electricity producers during 2013-2020, as operator, Romgaz received CO_2 certificates, as follows:

Operator	**Installation**	**Annual allocation (tCO_2/year)**							
		2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
SNGN Romgaz SA	SNGN Romgaz SA - CTE Iernut	962,085	824,645	687,204	549,763	412,322	274,882	137,441	-

➢ based on the recommendations made by the Due Diligence Study, performed with the aim of establishing the conformity level of the company to the environmental legislation in force, identification of past and present environmental issues, as well as future environmental risks the company may face, a Report on Significant Environment Issues Remediation was prepared whereby costs, solutions and implementation terms for remedy measures were assumed. In 2018, Romgaz continued to monitor the implementation of permanent measures and of multiannual implementation terms measures contained in the Remediation Report (maintaining the perchloroethylene consumption below 1 ton/year for each location so that the provisions of Government Decision no. 699/2003 on setting measures to reduce emissions of volatile organic compounds due to use of organic solvents for specific activities and installations, locating industrial objectives at sufficient distance from the protected receptors; reducing fugitive emissions in the area of calibration tanks, of metal tanks and of concrete tanks for temporary storage of reservoir water by equipping the tanks with ecological dispersion systems, periodic payment to the "Closing Fund" until the set value of provision is met for the specific waste storage at Ogra, annual monitoring frequency for Dumbravioara drilling waste storage closed in 2003, etc.);

- scheduling and organizing the environmental internal inspection, in order to verify the conformity with legal requirements applicable to inspected activities.

  In 2018, 46 environmental internal inspections were scheduled and performed from Romgaz headquarters on authorized units of the branches, further to which 16 Reports of Determined Nonconformity were made, out of which 11 were closed within assumed time limit, 5 open (within assumed time limit). Also, Romgaz's activity complies with the applicable environment legal requirements, in 2018 the degree of fulfilment identified further the application of an evaluation method was 98.77%, this representing a very good value indicating a potential of improvement;

- assessment of conformity level to environmental protection requirements and contractual requirements of contractors and sub-contractors of drilling works contracted by Romgaz in 2018;

- implementation of the 2018 action/measure programs for prevention and/or minimization impact on the environment, that were implemented as follows: landslide fighting; modernization of reservoir water storage tanks; installing waste water collection tanks; transforming abandoned wells into reservoir water injection wells and so on.

In 2018, the Environmental Guard and the Water Basin Administrations made 70 inspections at Romgaz locations. Following such inspections, the company paid fines of RON 75,000 due to:

- accidental pollution with oil products (emulsion) into Mures river, on April 13, 2018. The incident did not cause fishing mortality, all subsequently measures imposed by the authorities being implemented. Also, due to this ecological hazard, the company paid the expenses in the amount of RON 183,200 related to operations of depollution of Mures river performed by Apele Romane;
- non-compliance with legal requirements regarding the authorization of activities submitted for environment permitting on July 20, 2018 when National Environment Guard of Harghita County was notified over the incident occurred at well 25 Chedea. By the time of the inspection performed by authorities, well 25 Chedea was not included in the environment permit, being put into function in 2017. Therefore, the company paid a fine in the amount of RON 30,000 (RON 15,000 paid in 48 hours).

3.4.6. Occupational Safety and Health

During 2018, the competent state institutions, namely the Territorial Labour Inspectorates made 3 inspections. No deficiencies were noted.

Individual protection equipment was acquired, based on the framework agreements and subsequent contracts, for all the employees of the company.

Also, a number of 3,985 influenza vaccine doses were acquired, in accordance with the demand of the branches/headquarters.

According to the Collective Labour Contract, voluntary health insurance services were acquired, of supplementary type, for all the employees. The contract for voluntary health insurance services concluded by the company expired on December 27, 2018 and by the date of this report no contract has been signed.

3.4.7. Litigations

The summarized breakdown of litigations where Romgaz is involved as of December 31, 2018 is the following:

- 385 litigations, out of which:
  - 313 cases where Romgaz is plaintiff;
  - 64 cases where Romgaz is defendant;
  - 8 cases where Romgaz is civil party/injured party;
- The (approximate) total value of the files where Romgaz is plaintiff amounts RON 2,140,374,680.21;
- The (approximate) total value of the files where Romgaz is defendant amounts RON 305,769,187.06 and EUR 60,000;
- The (approximate) total value of the files where Romgaz is civil party amounts RON 286,345,970.55.

The detailed list of litigations is shown in Annex 2 of this Report.

IV. GROUP'S TANGIBLE ASSETS

4.1. Main Production Facilities

The occurrence and thereafter the development and gradual diversification of what was truly going to be the Romanian natural gas infrastructure has an important benchmark, ***year 1909***, when the first gas reservoir was discovered by drilling well 2 Sarmasel (Mures county).

During the immediately following years, a gas infrastructure unique in Europe for those times started to outline at a reduced scale, consisting of the following assets:

- gas transmission pipeline, the first of this kind in Europe, build in 1914, connecting towns Sarmasel and Turda (Cluj county), and
- gas compressor station from Sarmasel; build in 1927- the first one in Europe.

It is notable that the country's large gas structures were discovered after 1960 and in parallel, a complex infrastructure started to be developed at national scale dedicated exclusively to the gas extraction process and later to the injection and underground storage process. These large gas structures located in the Transylvanian basin supply even today considerable gas quantities.

Exploration - Production

The infrastructure related to field production and to gas storage in depleted fields turned into underground storages, looks today as a particularly complex system.

As a whole, the infrastructure of the company developed continuously before and after 1989. The development of the production capacities reached the peak during 1970–1980 when the annual production was extremely high, both due to the consumption demand and to the considerable reservoir energy of most of the discovered gas fields.

Part of the company's production infrastructure (assets) resulted from the nationalisation of June 1948.

Currently, no natural or legal person, from the country or from abroad, claimed any asset of Romgaz.

Although operational, most of the production facilities are several decades old, therefore, a rehabilitation and modernisation process started a few years ago consisting of installing, replacing or upgrading gas delivery/take over fiscal panels, gas dehydration stations, gas compressor stations.

The production facilities relating to the company's infrastructure are:

1. Gas wells (currently producing wells, temporarily suspended wells waiting for reactivation or recompletion operations, wells for reservoir water injection);

2. Pipelines (gathering pipelines connecting the well clusters, waste water pipelines, industrial water pipelines);

3. Gas heaters (radiators);

4. Gas separators (underground separators, surface separators);

5. Flow metering panels (technological flow metering panels for almost every gas field, fiscal or commercial flow metering panel located at the interface with the NTS);

6. Gas dehydration stations (conditioning):

7. Gas compression units:

- low capacity portable compressors installed at the well head or at the cluster,
  - booster compressors for one or more fields, and

- gas compressor stations, usually consisting of two or more units, intermediate or final compressor stations (outlet to the NTS);

8. Industrial or reservoir water pumping stations;
9. Other facilities (buildings, workshops, electric lines, well access roads etc.).

*Production facilities are used at their maximum capacity (*close to 100%*).*

Currently, 154 gas fields are producing out of which 147 are well defined blocks and the rest of 7 are blocks with experimental production.

Production from these fields is made by approximately 3240 wells and by almost the same number of technological surface facilities consisting of flowlines, heaters (where the case may be) liquid separators and gas flow metering panels.

From the total number of wells, 26% of the wells produce at depths below 2,000 m. Pressure and flow limits of production wells are operated by 127 compressor units, of which 93 units are grouped in 20 compressor stations, and 17 units are the so-called booster compressors, located near well clusters.

One technical demand required by applicable laws is the quality of gas which is fulfilled in proportion of 100% by means of 74 gas dehydration stations.

The other component of the company's infrastructure, namely the information – technical system consists of all information equipment and programs (software) used to monitor the parameters related to gas research, production and storage activities.

Underground Storage

Depogaz holds Licence No. 1942/2014 for the operation of 6 underground natural gas storages facilities, developed in depleted gas fields, whose aggregate capacity represents about 90.3 % of the total storage capacity of Romania.

The capacity of the underground storage facilities operated by Depogaz, by storages, is presented in the table below:

Storage	Active capacity		Withdrawal capacity	Injection capacity
	Mil.St.m^3/cycle	TWh/cycle	GWh/day	GWh/day
Bălăceanca	50	0.545	13.18	10.98
Bilciureşti	1,310	14.326	152.78	109.13
Cetatea de Baltă	30	0.315	1.05	0
Ghercești	150	1.634	21.40	21.40
Sărmăşel	900	9.598	79.03	68.50
Urziceni	360	4.016	50.16	33.44
TOTAL	**2,800**	**30.466**	**317.60**	**243.45**

Balaceanca Storage

Balaceanca Storage facility is located at approximately 4 km from Bucharest.

The fixed assets contributing to the storage process are as follows:

- 24 wells;
- surface infrastructure including:
  - Balaceanca gas compressor station;
  - 8.4 km gathering pipelines;
  - 4 separators;
  - 4 technological gas metering facilities;

- 1 gas dehydration station;
- 15 gas heaters;
- communication system and fiber-optic data acquisition system;
- 1 bi-directional fiscal metering system.

Bilciuresti Storage

Bilciuresti Storage facility is located in Dambovita County, approximately 40 km V-NV from Bucharest.

The fixed assets contributing to the storage process are as follows:

- 61 wells;
- surface infrastructure including:
  - Butimanu gas compressor station;
  - 7 gas dehydration stations;
  - 26.5 km gathering pipelines for 61 wells;
  - 50 gas heaters;
  - 24 separators;
  - 14 gas metering facilities;
  - 37.5 km gathering pipelines;
  - bi-directional fiscal metering system;
  - waste water injection station.

Cetatea de Balta Storage* ***)***

Cetatea de Balta Storage facility is located at approximately 12 km S-V from Tarnaveni.

The fixed assets contributing to the storage process are as follows:

- 16 wells;
- surface infrastructure including:
  - 6.640 km pipelines for 16 wells;
  - 9.375 km gathering pipelines;
  - 6 technological gas metering facilities,
  - 6 separators,
  - field supervision system and online gas chromatograph;
  - fiber-optic data acquisition system.

*)In 2012 the storage study for Cetatea de Balta confirmed the gas migration from Sarmatian III to adjacent Sarmatian I, Sarmatian II, Sarmatian IV and Buglovian V reservoirs, which lead to ceasing the storage activity, with the approval of ANRM.

As of January 1, 2019, with the approval of ANRM, Romgaz resumed the exploitation of the existent resources form Sarmation III reservoir of Cetatea de Balta commercial field, in this respect all necessary steps have been initiated in order to take-over the assets and personnel from Depogaz.

Ghercesti Storage

Ghercesti Storage facility is located in Dolj County, near Craiova.

The fixed assets contributing to the storage process are as follows:

- 85 wells;
- surface infrastructure including:
  - 135.7 km gathering pipelines for 85 wells;
  - 22.6 km gathering pipelines;
  - 13 separators;

- 12 technological gas metering facilities;
- 1 gas dehydration station;
- communication system and fiber-optic data acquisition system;
- bi-directional fiscal metering system.

Sarmasael Storage

Sarmasel Storage facility is located near Sarmasel, approximately 35 km NW from Tirgu-Mures, 35 km north from Ludus and 48 km east from Cluj-Napoca.

The fixed assets contributing to the storage process are as follows:
- 63 wells;
- surface infrastructure including:
  - Sarmasel gas compressor station;
  - 26.7 km gathering pipeline for 63 wells;
  - 13.8 km gathering pipelines;
  - 59 separators;
  - bi-directional fiscal metering system.

Urziceni Storage

Urziceni Storage facility is located in Ialomita County approximately 50 km NE from Bucharest

The fixed assets contributing to the storage process are as follows:
- 32 wells;
- surface infrastructure including:
  - Urziceni gas compressor station;
  - 19.5 km of gathering pipelines for 32 wells;
  - 3.3 km gathering pipelines;
  - 6 technological gas metering facilities;
  - 28 gas heaters;
  - 1 gas dehydration station;
  - optic fibre data acquisition system;
  - bi-directional fiscal metering system.

Workover and Special Operations

Well workover, capital repairs and well production tests represent all the services performed with workover rigs, as well as equipment for specific support operations such as: cement plug drilling installations, mud tank equipped with agitator, sand control-sand blender, DST- cased hole testing of productive layers, shale shaker, mud pumps.

Special Well Operations are performed with the following equipment: cementing unit, slickline, wireline, coiled tubing unit, liquid nitrogen converter, liquid nitrogen tank truck, cement container, filter unit, equipment for discharge and measurement with two-phase separation, equipment fir discharge and measurement with three-phase separation, equipment for tubing investigation, echometer, rental of tools and utilities, tubing cutting, packer assembling device, hydraulic packer recovery tools, technical assistance for special well operations, well fire-fighting equipment.

Future well workover and special well operations are required in order to stop production decline, due to the large number of works developed in the past.

Transportation and Maintenance

The car fleet of STTM consists of 670 vehicles and machinery and 79 trailers, as follows:

- Passenger carriers: cars (99), land vehicles (106), minibuses (12), buses (2) and large buses (2);
- passengers and cargo carriers < than 3.5 *t* (133) and namely > than 3.5 t (82);
- vehicles for cargo transportation: dumpers (21), cesspit emptier (40), platform trucks (19), tank trucks (3);
- vehicles for heavy transportation: truck-tractors (3) and semitrailer trucks (11);
- handling machinery: cranes from 12-18 *t* (2) and 24-35 *t* (20);
- other special vehicles: mobile laboratory for equipment testing and checking (1);
- heavy machinery: bulldozers (8), caterpillar shovels (2), wheel loaders (15), motor grader (3), compactor (3), front end loaders (10);
- other machinery: tractor trucks (70), fork lift trucks (4) etc.;
- other vehicles: trailers for heavy transportations, trailers and semitrailers (79).

STTM plans to ensure qualitative and economically efficient services due to the future dynamics of Romgaz core business over the medium term (approximately 5 years).

Considering the dynamics of the gas exploration – production activity developed by Romgaz, in order to achieve the object of activity for a medium term (approx. 5 years) the perspective to develop STTM must be realized by permanent determination of methods and measures resulting from the provision of quality services and in terms of economic efficiency.

Electricity Generation

CTE Iernut has an installed capacity of 600 MW, including 4 power units: 2 Czechoslovakian power units with an installed capacity of 100 MW each and 2 Soviet power units with an installed capacity of 200 MW each. The units were commissioned between 1963 and 1967.

The power plant is connected to the main road E60 by a 1.5km long road and to the national railway system at Cuci by a 2 km railway both owned by the CTE Iernut.

Operating restrictions imposed by applicable environmental regulations

The 100 MW Power Units 1 and 4

During 2013, by commissioning a flue gas recirculation system for boiler 1 and 4, NOx emissions were reduced from 800 mg/Ncm flue gas to 300 mg/Ncm, complying therefore with environmental regulations.

In compliance with the integrated environmental authorization for CTE Iernut, Power Units 1 and 4, with an installed capacity of 100 MW each, may operate on a transition period until June 30, 2020. The maximum NOx emissions must be reduced from 300 to 100 mg/Ncm flue gas within this period.

If this last measure is not taken, the units will not be allowed to operate after June 30, 2020.

The 100MW Power Units 2 and 3

Change of environment protection legislation, namely Directive 2010/75/EU allow limited time of operation for Power Units 2 and 3 in case the emission reduction equipment of one or more groups break down and power supply is a priority requirement. Therefore, as of January 2016, units 2 and 3 were applied a dry preservation regime. As of February 20, 2019, Power Units 2 and 3 had been excluded from CTE Iernut.

The 200MW Power Units 5 and 6

Low NOx emission burners have been installed in years 2010 and 2011. As such, an environmental requirement included in the integrated environmental authorization was fulfilled. The measure was fulfilled in time.

Due to these measures, the power units automatically enter the new transition period established during January 1, 2016 - December 31, 2020.

4.2. Investments

Investments play an important part in maintaining the production decline, which is achieved by discovering of new reserves, by improving the current recovery rate, and by rehabilitation, development and modernization of existing facilities.

In 2018, ***Romgaz*** invested RON 1,188.5 that is 52% (RON 406.8) higher than 2017 investments, representing approx. 77% from the scheduled investments.

The company invested during 2014 – 2018 approximately *RON 4.45 billion*, as follows:

Year	2014	2015	2016	2017	2018	Total
Amount (RON thousand)	1,085,497	937,916	497,716	781,768	1,150,349	**4,453,246**

For 2018, Romgaz provided the achievement of an investment program with a total budget of *RON 1,500.00 million*, based for the most part on objectives related to the compensation of natural decline and electric power generation, thus:

- continuing geological research works by performing surveys and drillings for the discovery of new gas reserves;
- production development potential by adding new facilities on existing structures (drilling exploration wells, surface technological installations, drying stations, compressor stations, compression in gas fields), improving the performance of facilities and equipment to increase production safety, reducing energy consumption and efficiency of optimal exploitation of gas fields;
- modernization and upgrading of constructions, installations and equipment, as well as acquisition of new equipment and performing installations specific for core activity;
- acquisition of specific machinery to ensure the technological transportation and maintenance of core activity and maintaining optimal use of road infrastructure in gas fields.

In absolute figures, the investment cost on December 31, 2018 were in amount of RON 1,150,349, representing:

- 147.15% as compared to the achievements for 2017
- 76.69% of the scheduled level

The investments were financed as follows:
- from own sources and sources obtained from the National Investment Plan (approx. 22% from the eligible expenditures) for "*The Development of CTE Iernut Power Plant by building a new combined cycle CCTG power plant*"; and

- exclusively from own sources for the other approved investment objectives.

Regarding the physical achievements related to the analysed period, the objectives started the previous year were achieved, preparation activities were carried out (design, obtaining lands, approvals, agreements, authorizations, acquisitions) and began the execution for a part of new objectives and were performed modernisation works and recompletions for wells in operation.

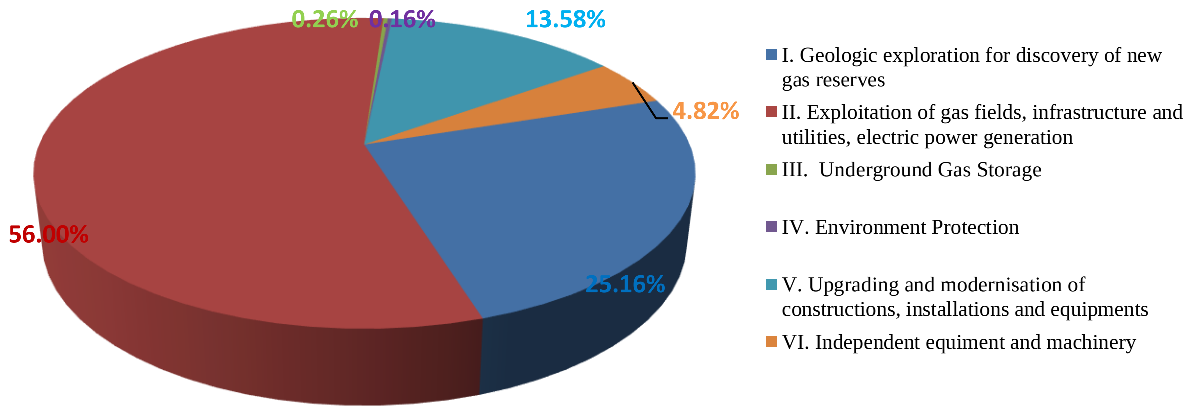
The value of fixed assets commissioned during the reporting period was RON *299.9 million*.

The table below shows the investments made in 2018, by investment chapters, as compared to those scheduled and accomplished in 2017:

RON thousand

Item No.	Investment chapter	2017	2018		% '18/'17
			Schedule	Result	
0	1	2	3	4	5=4/2x100
1.	**Investments in progress – total, out of which:**	320,056	874,929	771,449	241.04
1.1	Natural gas exploration, production works	316,719	874,534	771,063	243.45
1.2	Maintaining UGS capacity	2,281	0	0	0.0
1.3	Environment protection works	1,056	395	386	36.55
2.	**New investment – total, out of which:**	**230,409**	**269,534**	**166,990**	**72.48**
2.1	Natural gas exploration, production works	221,980	262,209	162,606	73.25
2.2	Maintaining UGS capacity	7,480	2,980	2,980	39.84
2.3	Environment protection works	949	4,345	1,404	147.95
3.	**Investment in existing tangible assets**	**186,234**	**233,881**	**156,228**	**83.89**
4.	**Equipment (other acquisition of tangible assets)**	**42,735**	**99,797**	**55,424**	**129.69**
5.	**Other investment (studies, licenses, software, financial assets etc.)**	**2,334**	**21,859**	**258**	**11.05**
*****	**TOTAL**	**781,768**	**1,500,000**	**1,150,349**	**147.15**

The chart below shows the investments for 2018:



The summary of the achieved investment projects is shown below:

Item No.	Main Projects	Planned	Achieved
1.	Drilling, exploration	26 wells	17 completed wells; 4 wells in progress; 5 wells with performance contract; 1 well in acquisition for drilling works; 36 wells with completed technical design, in course of obtaining the approvals, lands and organisation of drilling procurement procedure;
2.	Drilling design	-	58 wells in design or design acquisition;
3.	Performance of exploration drilling	3 wells	3 completed wells;
4.	Performance of technological installations – at shut-in wells	Construction of 24 technological installations for bringing in production 37 shut-in wells	12 technological installations completed for the putting into production of 15 wells; 6 technological installations operating for the putting into production of 6 wells; 1 technological installation, ongoing procurement procedure to perform the putting into production of 1 well; 12 technological installations to connect 16 wells; approvals/lands/agreements/authorizations are in course of obtaining; elaborating technical designs for surface installations for connecting 13 wells
5.	Maintaining storage capacity	Urziceni Storage - gas cushion - modernization for 10 underground storage wells Butimanu Storage - modernization of compressor automation cabinets - adaption of technological installations to module 1 and 2 - construction of access roads and squares for 5 underground storage wells -acquisition of pressure calibrators	- 100 % completion *As of April 1, 2018, Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti SRL* became operational. It took the operating activity of underground storages under concession of S.N.G.N. Romgaz S.A., thus the activity of Ploiesti Branch was suspended.
6.	Wells recompletions, re-equipment and reactivation	Interventions for approx.111 wells, correlated with the	In 2018, well recompletions and reactivation works were performed for a total of **130 wells** (**80** wells at Medias Branch and **50** wells for Tg. Mures

		annual program agreed by ANRM	Branch), works performed in-house by S.I.R.C.O.S.S.
7.	Electric power generation	Continuing works at CTE Iernut	Continuing the performance of the Execution Contract
8.	Partnerships/Associations	**Raffles Energy SRL** - re-testing Voitinel 1 well - elaboration of Feasibility Study on the technical solution of natural gas trading	Completed All the necessary approvals to elaborate the Feasibility Study on the technical solution of natural gas trading in Block EIII-1 Brodina were obtained. The trading company Geoclass was assigned to elaborate this study in 2019.
		Lukoil - preparation of drilling for exploration well 1 Trinity 1X in Block 30EX Trident; - geological and geophysical studies	-obtaining the extension of the drilling period with 3.5 years, until October 3, 2021; -preparatory works for drilling, drilling to start in 2019.
		Amromco - drilling 3 wells; - recompletion operations for 6 wells - abandonment works for 5 wells	-recompletion operations for wells 121 Frasin Brazi and 51 Vladeni, and had positive resulted, such as RK works at well 204 Bibesti, and had negative results; it was decided to abandon the well; -drilling of A1 Frasin Brazi well was completed, teste negative, thus motivating the well abandonment decision in the drilling stage; -5 wells were plugged and abandoned, such as: A1 Frasin Brazi, 204 Bibeşti, 37 Zătreni, 57 Vladeni and A1 Gura Sutii.
		Slovacia - drilling 1 exploration well in Cierne, Block Svidnik; -renewal of supply licence; - geological and geophysical studies.	- preparations for drilling well 1 Cierne, Block Svidnik; the well will be drilled in 2019.

Development of CTE Iernut

One of Romgaz main strategic directions, provided in "The Development Strategy for 2015-2025", is consolidation of the company's position on the energy supply markets. In this case, in the field of electric power generation, Romgaz proposed *"a more efficient activity by making investments to increase the efficiency of the Thermoelectric Plant (CTE) Iernut to a minimum of 55%, respecting the environmental requirements (NOx, CO_2) and increasing the exploitation safety"*.

Thus, a very important objective is the *"The Development of CTE Iernut Power Plant by building a new combined cycle CCTG power plant",* with a deadline for completion in Q 1, 2020.

In 2018 the following works were performed:

- Land clearing/development by buildings demolition;
- Approach and marginal road development;
- Storage platform development (site management);
- Platform construction works for indirect foundations performance (piles);
- Beginning the works to perform the direct foundations for engine room, electric and command building, equipment and machinery;
- Supplying 3 gas turbines, 4 generators for gas turbines, 2 generators for steam turbines, steam boilers for the three gas turbines, steam sealing systems for steam turbines, DCS cabinets, 6 transformers, nitrogen fire fighting systems, overhead travelling cranes, dual operation valve, as well as different equipment serving the electric power plant were supplied in situ;
- metal furniture for the execution of engine room was delivered in situ;
- fillings for the floor completion at ground ±0.00 (block start) were performed and the piles of the metal structure for the engine room are asembled;
- inside the pump station building, the intake pipe was completed and the steel concrete floor for ground ±0,00 was poured;
- inside the engine room the assembly of the metal structure was completed as well as the foundations for machinery and equipment.

One very complex issue largely impacting on the implementation of the investment plan is found in the investment preparation phase and consists of obtaining land permits, approvals, agreements and authorizations required for the performance of works and for the procurement phase.

The results was negatively influenced by causes specific for both phases, namely:

- Difficulty to perform the drilling activity regarding access to public roads;
- Impossibility to obtain lands and implicitly, approvals and construction permits for well surface facilities and gas collectors;
- It was necessary to resume the procurement procedure for different objectives, due to the lack of technical offers;
- Long time interval to obtain the approvals and agreements issued by water, environment, property register, agricultural related bodies, with direct effects upon the issuance of the construction authorization for the execution of surface facilities;
- Delays in the public procurement processes due to repeated dismissals by ANAP of certain award documentations (I.T. Prahova and Ialomița lots).

The completion degree in relation to the work programs for each ***partnership*** is indicated below (RON million):

Item No.	Partnership/Association	2018 Schedule	2018 Results	Results/ Schedule
1	Romgaz, Alpine Oil&Gas and JKX Oil&Gas - Slovacia	3,937.00	291.62	7.41%

2	Romgaz and Aurelian (currently Raffles)	924.26	122.74	13.28%
3	Romgaz and Amromco	22,518.92	20,251.92	89.94%
4	Romgaz, Lukoil and PanAtlantic	3,939.00	2,830.30	71.85%
*	**Total work program**	**31,319.22**	**23,767.94**	**75.89%**

Important issues to be noted:

- In Block EX-30 Trident, works from Stage I (3 years) mandatory and Stage II (2 years) optional were completed, and currently the additional period of Exploration Stage II, for the period between May 3, 2018 – May 3, 2020 are performed. This extension is necessary to perform additional reprocessing works, complex core analyses and reinterpretation/integration of geological and geophysical data available until now. In Block EX-30 Trident two wells were drilled, Daria-1x and Lira-1X, where Lira-1X was considered discovery with natural gas (approximately 30 billion m^3).

  After the Notification of Withdrawal of PanAtlatic, Romgaz EGMS approved to take over free of charge 2.2% from the share owned by PanAtlantic. Thus, as of March 2018 Romgaz share in Block EX 30 Trident is 12.2%. Further to the Feasibility Study performed in 2018, the locations to drill in 2019 a new exploration well were established and two appraisal wells depending on the success of the first well, one well in 2020 and one well in 2021. In 2018 preparatory works were performed for the drilling phase: Geohazard assessments, geomechanical modelling, pore-pressure analyses, obtaining approvals and permits necessary to drill the wells, contracting the main works for the drilling campaign in 2019; signing the Confidentiality Agreement with SNTGN Transgaz Medias; drafting of a Cooperating Agreement between Transgaz – Lukoil – Romgaz started in December (*Partnership: Romgaz, Lukoil and PanAtlantic*).

- In 2018, the partner JKX withdrew from the partnership, and after the withdrawal Romgaz took over an additional share of 8.33%. Also, in 2018 Romgaz waived Block Snina and Medzilaborce and reduced Block Svidnik are to a surface of 36.4 km^2. In 2018, there were only seismic interpretation works, geological works to a lesser extent and otherwise there were only general and administrative expenditures for this project (Partnership: *Romgaz, Alpine Oil&Gas şi JKX Oil&Gas – Slovakia)*

- The Association Agreement with Schlumberger expired in 2018. In 2013, Schlumberger expressed its intention to extend the contractual period with another 10 (ten) years, until 2028. Following this requirement, Romgaz performed an economic analysis resulting that in terms of maintaining the investments for Laslaul Mare Field, the activity being more profitable if Romgaz continues its activity outside the association. Under these conditions, the Association Agreement was not extended. It expired on October 30, 2018.

In 2018, ***Depogaz*** Subsidiary had an approved investment plan of RON 48,975 thousand and achieved investments of RON 38,155 thousand, representing 75%, thus:

Item No.	Description	Schedule	Results
1.	Underground gas storage activities	3.992	2.413
2.	Environment protection and improvement	20	20
3.	Modernisation and upgrading of installations and equipment, surface facilities, utilities	41.502	34.866
4.	Independent equipment and machinery	1.879	581
5.	Costs with consultancy, studies and projects, softs, licences and patents etc.	1.582	309

*	**TOTAL**	**48.975**	**38.189**

The investments were financed entirely from own sources.

For the reporting period the fixed assets were commissioned in amount of RON 26,692 thousand.

The main objectives included in the Investment Program for 2018 were:

- *modernization of Bilciureşti Storage Facility*: to ensure a higher safety degree when exploring and upgrading the existent infrastructure of Bilciuresti Storage facility, in 2016 a Feasibility Study was completed on the modernisation of Bilciuresti Storage facility infrastructure. This study highlighted the possibility to increase the daily production capacity of Bilciuresti Storage up to 20 million m^3/day, provided to perform gradual investment works. In 2018 the first modernisation stage was completed, namely the modernisation of the drying station of Group 57 Bilciuresti (the works began in 2017 and was completed in 2018) and the second stage started during 2018;
- *well modernisations*: the works are necessary due to poor well performances in the process of injection/withdrawal affecting the daily injection capacity and, especially, the daily withdrawal capacity of the underground storages. Also, equipping with safety valves improved the operational safety.

V. SECURITIES MARKET

Romgaz – company listed on Bucharest Stock Exchange and London Stock Exchange

Government Decision No. 831/2010[9] approved "*the sale by secondary initial public offering of shares representing 15% of S.N.G.N. Romgaz S.A. share capital by the Ministry of Economy, Trade and Business Environment, through the Office Ownership and Privatization in Industry*".

On November 12, 2013, the company was listed on the Bucharest Stock Exchange (BSE) and on London Stock Exchange (LSE). As of this date, the shares of the company have been traded on the regulated market governed by BSE under the symbol "***SNG***", and on the regulated market governed by LSE as GDRs issued by The Bank of New York Mellon (1 GDR = 1 share) under the symbol "***SNGR***".

No.	Description	2013	2014	2015	2016	2017	2018
1.	Number of share (x1000)	385,422.4	385,422.4	385,422.4	385,422.4	385,422.4	385,422.4
2.	Market capitalization[10]						
	*million RON	13,178	14,018	10,483	9,636	12,064	10.714
	*million EUR	2,952	3,127	2,315	2,122	2,589	2.297
3.	Maximum price (RON)	35.60	36.37	36.55	27.55	33.95	38.20
4.	Minimum price (RON)	33.80	32.41	26.30	21.60	25.10	27.80
5.	Year end price (RON)	34.19	35.36	27.20	25.00	31.30	27.80
6.	Net profit per share (RON)	2.58	3.66	3.10	2.66	4.81	4.81
7.	**Gross** dividend per share (RON)	2.57	3.15	2.70	5.76*)	6.58**)	4.17***)
8.	Dividend yield (7./5.x100)	7.52%	8.91%	9.93%	23.04%	21.02%	15.00%
9.	Exchange rate (RON/EUR)	4.4639	4.4834	4.5285	4.5411	4.6597	4.6639

*) The gross dividend per share of RON 5.76 is composed of the gross dividend per share for financial year 2016 in amount of RON 2.40/share, and the additional gross dividend of RON 1.42/share resulted from the distribution of retained earnings and the additional gross dividend of RON 1.94/share assigned under the provisions of Article II and III of the Government Emergency Ordinance No.29/2017, distributed from the company's reserves, representing own financing sources.

**) The gross dividend per share of RON 6.85 is composed of the gross dividend per share for financial year 2017 in amount of RON 4.34 per share, and the additional gross dividend of RON 0.65 share resulted from the distribution of retained earnings and the additional gross dividend of RON 1.86 share assigned under the provisions of Article II and III of the Government Emergency Ordinance No. 29/2017, distributed from the company's reserves representing own financing sources.

***) the proposed gross dividend is 4.17 RON/share consits of: 3.15 RON/share related to the profit of 2018, 0.08 RON/share related to the retained earnings and 0.94 RON/share according to GEO no.114/2018

For 2018, the shares and GDR-s prices on BSE and LSE oscillated significantly, recording the highest difference between the minimum and maximum annual value since the company's listing date, namely RON 10.40 on BSE and USD 4.10 on LSE. The average annual trading share price was RON 34.59 and GDR's price was USD 8.68.

[9] GD No. 831 of August 4, 2010 on the approval of the privatisation strategy by public offering of Societatea Naţionala de Gaze Naturale "Romgaz" – S.A. Mediaş and of the mandate of the public institution implied in the development of such process.

[10] Calculated based on the closing price on the last trading day of the that year, namely based on the exchange rate as communicated by the National Bank of Romania and applied for the last trading day of that year.

For the regulated market governed by BSE, the maximum trading share price that Romgaz recorded on March 27, 2018 (RON 38.20), after publishing the announcement on the dividend proposal for 2017.

For the following period, the evolution of the share price oscillated, with significant decreases for the following four moments: (1) after publishing the Report for Q1 2018 (May 15, 2018), highlighting the decrease of income as a consequence of a warmer winter, (2) on the ex-date related to dividends for 2017 (July 5, 2018), (3) after the first publication by the Ministry of Public Finances of a government draft on the capping of the maximum gas sales price from internal production (July 19, 2018) and (4) after the publication of *the Emergency Ordinance No. 114.2018 on establishing fiscal, budgetary and public investment measures, amending and supplementing some pieces of legislation and extending some deadlines. (December 18, 2018).*

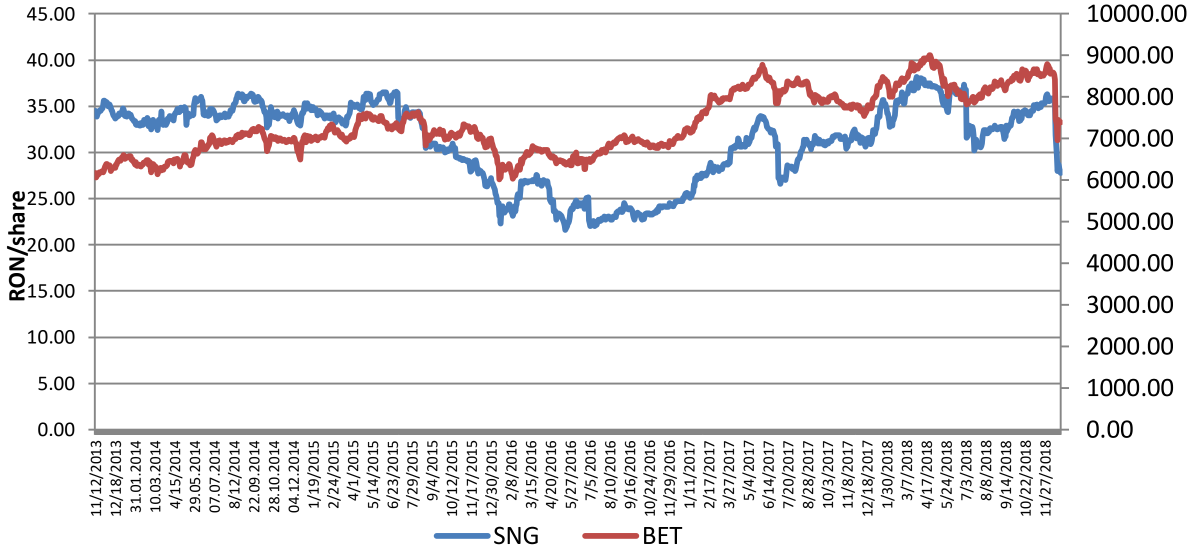
The year-end characterised by a pronounced decrease of the share price (-24.66% for the period December 18 – December 31, 2018) determined both by the approval of GEO No. 114/2018, as well as by the ex-date for additional dividends. Thus, on December 31, 2018, the share price reached the minimum limit of the year, namely RON 27.80, by 22% lower than the prices recorded on the first trading day of 2018.

The same oscillating evolution recorded the trading price of GDRs in 2018, with maximum and minimum values similar to the shares. The highest prices recorded during April 27 – April 10, 2018, reaching the maximum value on the last day: USD 10.10/GDR. The most pronounced decreasing period was at the end of the year, when for 4 days (between December 19 – December 24, 2018) the GDRs price decreased by 32.24%, the annual minimum being of USD 6/GDR, reached on December 24, 2018. Until the last day of 2018, the GDRs' price recovered from the decline (+16.67%) on December 31, 2018 being USD 7, by 11.4% higher than the price recorded on the first trading day.

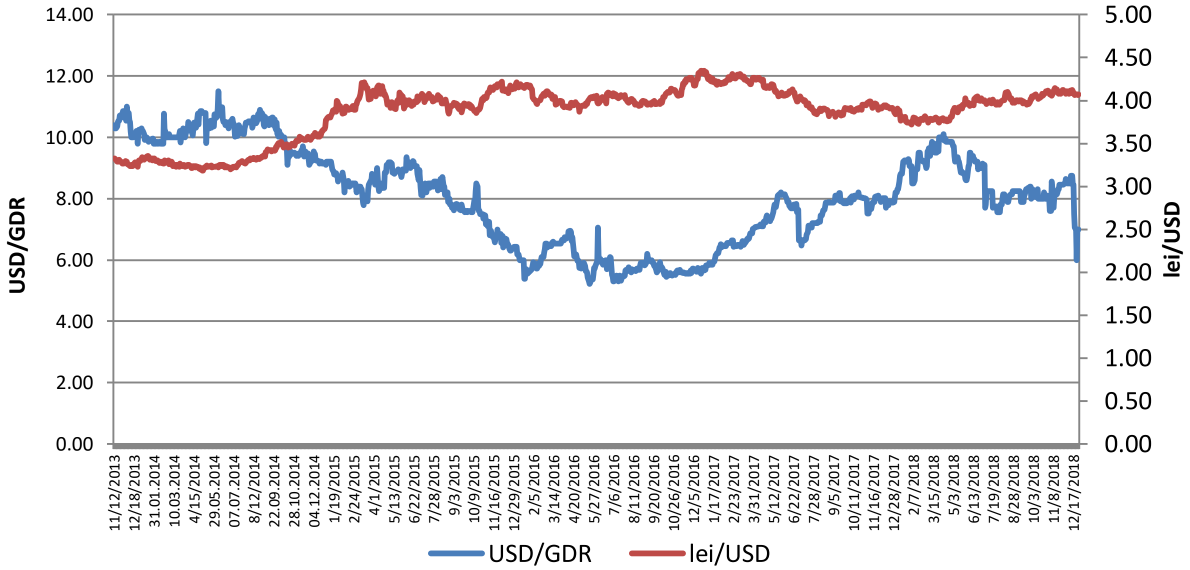
Since the listing day up to present, Romgaz is considered an attractive company for investors and holds a significant position in the top of local issuers, being included in BSE indices by the end of the year, as follows:

- Second place, by market capitalization, in the top of Premium BSE issuers. With a market capitalization amounting to RON 10,714.7 million (respectively EUR 2,297.4 million) as of December 31, 2018, Romgaz is the second largest listed company in Romania, being preceded by OMV Petrom with a capitalization of RON 16,936 million, namely EUR 3,631 million;
- Fourth place as regards the total amount of transactions in 2018, in the top of local issuers in the main segment of BSE (RON 1,058 million), according to Banca Transilvania, Fondul Proprietatea and BRD;
- Weight of 11.69% and 10.82% in BET index (top 15 issuers) and namely BET-XT index (top 25 issuers), 29.98% in BET-NG index (energy and utilities) and 12.31% in BET-TR index (BET Total Return).

Performance of Romgaz shares between listing and December 31, 2018 to the BET index, is shown below:



Performance of GDRs traded on the London Stock Exchange and RON/USD exchange rate movements are shown below:



5.1. Dividend Policy

The General Meeting of Shareholders determines the value of dividends to be distributed to shareholders considering the specific legal provisions.

Therefore, **Government Ordinance No. 64/2001**[11] approved by *Law No. nr.769/2001* as amended, provides at Article 1, par. (1), let. f) that the profit after the deduction of profit tax is distributed in percentage of *minimum* 50% under the form of dividend.

By way of derogation from provisions of Law No. 31/1990 providing that the dividends must be paid no later than six months after the approval of the annual financial statements, the state-owned companies are required, according to the provisions of Government Ordinance nr.64/2001, to pay the due dividends to the shareholders *within 60 days* from the legal deadline for the submission of the annual financial statements of the competent fiscal authorities.

[11] Government Ordinance No. 64/August 30, 2001, on distribution of profit in state-owned companies or companies where the state is sole or majority owner, as well as in autonomous regies

According to **Government Emergency Ordinance No. 29/2017**[12]:

- "*The amounts distributed in the previous years from other reserves under the provisions of Art. 1 let. (g) of Government Ordinance No.64/2001 [...], existing at the date of entry into force of this Emergency Ordinance, can be redistributed as dividends [...]*" - Art.II;
- "*After the approval of the financial statements of 2016, the entities provided in Art. 1, par. (1) of the Government Ordinance No.64/2001, [...], the retained earnings existing in the balance account on December 31, can be distributed as dividends*" - Art.III par. (1).

As according to Article 43 of the Government Emergency Ordinance No. 114/2018 *"The economic operators, partially or wholly state owned, applying the provisions of the Government Ordinance No. 26/2013, distribute and pay under the law, within 60 days since the approval of the financial statements for 2018, under the form of dividends or payments to the state budget, in case of autonomous regies, 35% of the amounts distributed to other reserves, under the conditions of Article 1, par. (1), let. g) of the Government Ordinance No. 64/2001, found as cash in hand and at bank accounts, as well as the one related to short term investments as of December 31, 2018 and which on the same date are not committed, under procurement contracts, to be used as own financing sources".*

The Report on the macroeconomic situation for 2019 and its projection for 2020 – 2022, elaborated by the Ministry of Public Finance, provides that the budgetary planning considered, among others, that:

- the impact generated by Article 43 of GEO no. 114/2018;
- enforcing in 2019 the measures for allocating minimum of 90% from the net profit as dividends.

The table below shows the status of dividends for the years 2015-2018:

Description	2015	2016	2017	Proposal 2018
Dividends	1,040,640,480	2,220,033,024	2,640,143,440	1,607,211,408
Gross dividends per share (RON/share)	2.70	5.76*)	6.85**)	4.17***)
Dividend distribution rate (%)	87.13	216.68	146.38	117.64
Number of share	385,422,400	385,422,400	385,422,400	385,422,400

*) The gross dividend per share of RON 5.76 is composed of the gross dividend per share for financial year 2016 in amount of RON 2.40/share, and the additional gross dividend of RON 1.42/share resulted from the distribution of retained earnings and the additional gross dividend of RON 1.94/share assigned under the provisions of Article II and III of the Government Emergency Ordinance No.29/2017, distributed from the company's reserves, representing own financing sources.

**) The gross dividend per share of RON 6.85 is composed of the gross dividend per share for financial year 2017 in amount of RON 4.34 per share, and the additional gross dividend of RON 0.65 share resulted from the distribution of retained earnings and the additional gross dividend of RON 1.86 share assigned under the provisions of Article II and III of the Government Emergency Ordinance No. 29/2017, distributed from the company's reserves representing own financing sources.

***) the proposed gross dividend is 4.17 RON/share consits of: 3.15 RON/share related to the profit of 2018, 0.08 RON/share related to the retained earnings and 0.94 RON/share according to GEO no.114/2018

In 2018, E.G.M.S. Resolution No. 13/December 6, 2018 approved the distribution of additional dividends in total gross amount of RON 716,885,664 (1.86 RON/share).

[12] Government Emergency Ordinance No. 29 of March 30, 2017, to amend Art. 1 par. (1) let. g) of the Government Ordinance No. 64/2001 on the distribution of profits in national companies, and trading companies with full or majority state capital, as well as in autonomous regies, and to amend Art. 1 par. (2) and (3) of the Government Emergency Ordinance no.109/2001 on corporate governance of public enterprises.

The Government of Romania mandated the state representatives in the General Meeting of Shareholders/the Board of Directors of national companies and majority or entirely state owned companies and of autonomous regies, to take all the necessary measures for the distribution of a minimum share of 90% of net profit achieved in 2017 (as dividends/payments) to the state budget. The Government took this decision through a Memorandum adopted at the meeting of February 8, 2018.

The internal regulation “Dividend Policy” was approved by the company's Board of Directors in March 2017 and is currently published on the company's webpage www.romgaz.ro, at the section “*Investor Relations – Corporate Governance – Reference Documents*”.

VI. COMPANY MANAGEMENT

6.1. Board of Directors

The selection and appointment of the Company's members in the Board of Directors was accomplished in compliance with the provisions of the GEO No.109/2001 on corporate governance in state-owned enterprises, as amended, approved by Law No.111/2016 and the Methodological Norms of Application (GD No. 722/2016).

The members of the Board of Directors on January 1st, 2018 were as follows:

Item No.	Name	Position in the Board	Status*)	Professional Qualification	Institution of Employment
1	Nistoran Dorin Liviu	Chairman	independent non-executive	Engineer	Evolio
2	Ciobanu Romeo Cristian	member	independent non-executive	PhD Engineer	Universitatea Tehnică Iaşi
3	Cermonea Ioan Daniel	member	independent non-executive	Engineer	Consiliul Judeţean Sibiu
4	Grigorescu Remus	member	independent non-executive	PhD in Economics	Universitatea "Constantin Brâncoveanu"
5	Baciu Sorana Rodica	member	independent non-executive	Economist	SC Acgenio SRL
6	Volintiru Adrian Constantin	member	independent non-executive	Economist	SC Exclusiv Clean International SRL

During 2018, The Board of Directors underwent the following changes. Thus, on July 6, 2018, by Resolution No.8/2018 of the OGMS, the shareholders elected, by cumulative vote, for a 4 year mandate Mr. Nistoran Dorin Liviu, Mr. Volintiru Adrian Constantin, Ms. Ungur Ramona, Mr. Grigorescu Remus, Mr. Ciobanu Romeo Cristian, Mr. Jude Aristotel Marius and Mr. Jansen Petrus Antonius Maria as members of the Board of Directors.

Selection and appointment of Board members was made by complying with the GEO no.109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented, approved by Law no.111/2016 and by the Enforcement Guidelines (GD no.722/2016).

The members of the Board of Directors on December 31, 2018, were as follows:

Item No.	Name	Position in the Board	Status*)	Professional Qualification	Institution of Employment
1	Nistoran Dorin Liviu	Chairman	independent non-executive	engineer	Evolio
2	Volintiru Adrian Constantin	member	executive non-independent	economist	SNGN Romgaz SA
3	Ungur Ramona	member	independent non-executive	economist	-
4	Grigorescu Remus	member	independent non-executive	PhD in Economics	Universitatea "Constantin Brâncoveanu"
5	Ciobanu Romeo Cristian	member	independent non-executive	PhD engineer	Universitatea Tehnică Iaşi
6	Jude Aristotel Marius	member	non-independent non-executive	MBA legal adviser	SNGN "Romgaz" SA
7	Jansen Petrus Antonius Maria	member	independent non-executive	economist	London School of Business and Finance

*) - *members of the Board of Directors submitted the independent statements in compliance with the provisions of Romgaz Corporate Governance Code.*

During 2018 the Board of Directors underwent the following changes:

- April 26, 2018: OGMS Resolution No. 6/2018 approves the extension of interim board members mandates by 2 months from the date of their expiration;
- July 6, 2018: OGMS Resolution No. 8/2018 the company's shareholders have elected by cumulative vote, the members of the Board of Directors for a 4 year mandate.

The Curricula Vitae of the current Board directors of the company are to be found on the company's webpage www.romgaz.ro, at "*Investor Relations – Corporate Governance – The Board of Directors*".

According to the information supplied by each director, ***there is no agreement, understanding or family relationship*** between them and another person that contributed to their appointment as directors.

As of December 31st, 2018, no member of the Board ***holds any shares within the company***.

6.2. Upper Management

Cindrea Corin Emil - Director General (CEO) January 1st –June 14, 2018

The Board of Directors appointed Mr. Cindrea Corin Emil by Resolution no. 37 of December 14, 2017 as interim director general for a 4 month period, having the possibility to extend the mandate up to maximum 6 months, according to legal provisions, and delegated internal management powers and representation competences to him.

The Board of Directors extended by Resolution no. 19 of April 12, 2018 the Mandate Agreement as Director General by 2 months until June 14, 2018.

Volintiru Adrian Constantin **-** Chief Executive Officer (CEO) as of June 15, 2018

The Board of Directors appointed by Resolution No. 29 of June 14, 2018 Mr. Volintiru Adrian Constantin as Director General for 4 months.

The Board of Directors appointed by Resolution No. 45 of October 1st, 2018 Mr. Volintiru Adrian Constantin as Director General of the Company for 4 years.

Bobar Andrei – Chief Financial Officer (CFO)

The Board of Directors appointed Mr. Bobar Andrei by Resolution no. 30 of November 2, 2017 as chief financial officer.

The Board of Directors appointed Mr. Bobar Andrei by Resolution no. 39 of August 28, 2018 as chief financial officer for a limited period, from August 28, 2018 until November 2nd, 2021.

Other persons discharging managerial responsibilities:

Name	Position
ROMGAZ - Headquarters	
Paraschiv Nelu	Deputy Director General
Cindrea Corin Emil	Deputy Director General
Rotar Dumitru Gheorghe	Deputy Director General
Chertes Viorel Claudiu	Management Support Director
Pavlovschi Vlad	Business Development Director

Ştefănescu Dan Paul	Exploration –Production Director
Bîrsan Mircea Lucian	Technical Director
Stancu Lucian Adrian	Corporate Management Director
Bodogae Horea Sorin	Procurement Director
Ciolpan Vasile	Energy Trade Director
Morariu Dan Nicolae	Information Technology and Telecommunication Director
Stan Ioan	Human Resources Director
Balasz Bela Atila	Energy Management Director
Sânpetrean Anca Mariana	Financial Director
Sorescu Eugen	Exploration Director
Pleşa Vasile Gabriel	HQSE Director
Mediaş Branch	
Man Ioan Mihai	Director
Achimeţ Teodora Magdalena	Economic Director
Şutoiu Florinel	Production Director
Seician Daniel	Technical Director
Târgu Mureş Branch	
Roiban Claudiu	Director
Papoi Ilona	Economic Director
Rusu Graţian	Production Director
Baciu Marius Tiberiu	Technical Director
Iernut Branch	
Călian Dorel	Director
Oros Cristina Monica	Economic Director
Oprea Maria Aurica	Commercial Director
Bircea Angela	Technical Director
SIRCOSS	
Dobrescu Dumitru	Director
Bordeu Viorica	Economic Director
Gheorghiu Sorin	Technical Director
STTM	
Pop Traian	Director
Ilinca Cristian Alexandru	Economic Director
Cioban Cristian Augustin	Operation –Development Director

The members of the upper management, except the director general and the chief financial officer are employees of the company, having an individual labour contract for an indefinite period.

The management and operating personnel are employed, promoted and dismissed by the director general based on the competences delegated to him by the Board of Directors.

The Board of Directors and the upper management of Depogaz Subsidiary is provided on its website, namely: https://www.depogazploiesti.ro/ro/despre-noi/conducere

According to our information, ***there is no agreement, understanding or family relationship between the members of the above mentioned upper management and another person that contributed to their appointment as members of the upper management.***

The table below shows the number of ***shares held by the members of the upper management*** as of December 31, 2018:

Item no.	Name and Surname	Number of shares held	Weight in the capital share (%)
0	1	2	3
1	Rotar Dumitru Gheorghe	20,611	0.00534764
3	Ştefănescu Dan-Paul	601	0.00015593
4	Cârstea Vasile	412	0.00010690
6	Ilinca Cristian Alexandru	74	0.00001920
7	Morariu Dan Nicolae	52	0.00001349
10	Balasz Bela Atila	38	0.00000986

To the best of our knowledge, the persons mentioned at 6.1 and 6.2 above, ***have not been involved in litigations or administrative proceedings*** related to their activity in Romgaz ***in the last 5 years***, nor in proceedings related to their capacity of fulfilling the duties, except for the litigations arising out of the application of Decision No.26/2016 of the Court of Accounts – Sibiu Chamber of Accounts, having as scope the recovery of the amounts paid as regular overtime pay to the managing personnel (see item 169, 172, 175-179, 181, 183, 184, 212, 296, 304, 374 of Annex no. 2 Litigations).

VII. CONSOLIDATED FINANCIAL-ACCOUNTING INFORMATION

7.1. Statement of Financial Position

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union and provisions of PFM Order no. 2844/2016. For the purposes of the preparation of these individual financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON). IFRS, as adopted by the EU, differs in certain respects from IFRS as issued by the IASB. However, the differences have no impact on the Company's individual financial statements for the years presented.

The individual financial statements have been prepared on a going concern basis in accordance with the historical cost convention.

The table below presents a summary of the statement of individual financial position as of December 31, 2018:

Indicator	31.12.2016 *restated*)* (thousand RON)	31.12.2017 *restated*)* (thousand RON)	31.12.2018 (thousand RON)	Variance (2018/2017)
0	1	2	3	4=(3-2)/2*100
ASSETS				
Non-current assets				
Property, plant and equipment	6,139,435	6,221,699	6,279,748	0.93%
Other intangible assets	14,591	8,629	4,970	-42.40%
Associates	21,301	22,676	23,298	2.74%
Deferred tax asset	18,053	69,965	127,491	82.22%
Other Financial Investments	69,657	69,678	9,812	-85.92%
Total non-current assets	**6,263,037**	**6,392,647**	**6,445,319**	**0.83%**
Current Assets				
Inventories	575,983	389,515	245,992	-36.85%
Trade and other receivables	828,609	816,086	826,046	1.22%
Contract costs	-	-	583	n/a
Other financial assets	2,893,852	2,787,261	881,245	-68.38%
Other Assets	141,529	305,913	168,878	-44.80%
Cash and cash equivalents	280,547	227,167	566,836	149.52%
Total current assets	***4,720,520***	***4,525,942***	***2,689,580***	***-40.57%***
TOTAL ASSETS	***10,983,557***	***10,918,589***	***9,134,899***	***-16.34%***
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	385,422	385,422	385,422	0.00%
Reserves	3,020,152	2,312,532	1,824,999	-21.08%
Retained earnings	5,986,265	6,277,486	5,458,196	-13.05%
Total capital and reserves	**9,391,839**	**8,975,440**	**7,668,617**	***-14.56%***
Non current liabilities				
Retirement benefit obligation	119,986	119,482	139,254	16.55%
Provisions	524,239	682,041	510,114	-25.21%
Deferred revenue	-	-	21,128	n/a
Total non current liabilities	***644,225***	***801,523***	***670,496***	***-16.35%***
Current liabilities				

Trade and other payables	569,945	606,109	186,702	-69.20%
Contract liabilities	-	-	46,381	n/a
Current tax liabilities	60,295	128,520	68,001	-47.09%
Deferred revenue	4,924	970	8,442	770.31%
Provisions	50,742	76,923	93,645	21.74%
Other liabilities	261,587	329,104	392,615	19.30%
Total current liabilities	***947,493***	***1,141,626***	***795,786***	***-30.29%***
TOTAL LIABILITIES	***1,591,718***	***1,943,149***	***1,466,282***	***-24.54%***
TOTAL EQUITY AND LIABILITIES	***10,983,557***	***10,918,589***	***9,134,899***	***-16.34%***

*) In 2018 the Group voluntarily modified the accounting policy regarding recognition of costs with seismic, geological, geophysical works and other similar operations. According to the new policy such costs are recognised as expense when they are incurred. Previously, such costs were recognised as exploration intangible assets. At the same time the Group modified in 2018 the method for calculating the well decommissioning provision, replacing average cost of equity with the related interest rate of the 10 year liability government bonds as liability discount rate, in compliance with industry practices. Moreover, in 2018 the Group reanalysed the depreciation of the gas cushion recorded as non-current asset and concluded that it should not have been depreciated; the correction affected the previous periods, therefore they have been restated in order to make them comparable to the current period. More information on these restatements are shown in the consolidated and individual financial statements annexed to this report.

NON-CURRENT ASSETS

Total non-current assets increased by 0.93%, representing RON 58 million, from RON 6.22 billion on December 31, 2017 to RON 6.28 billion on December 31, 2018. Although in 2018 the Group invested RON 1.15 billion in assets, this increase was partially cancelled by the depreciation expense (RON 591.3 million in 2018, as compared to RON 573 million in 2017) and by impairment (the net expense with the impairment was RON 116.9 million in 2018 as compared to the net income of RON 21 million in 2017). Out of the RON 1.15 billion representing the investments made in 2018, RON 569 million represent the investment made in the new power plant in Iernut.

At the end of 2018 the Group recorded an impairment loss of RON 141.9 million on the basis of an impairment test of the assets employed in the gas production and an impairment loss of RON 54 million on the existing power plant of Iernut.

As related to the financial investments, in 2018 the Group recorded a decrease of the fair value of Electrocentrale București by RON 59.9 million. Out of this amount RON 40.7 million affected the year end result, and the difference was recorded as retained earnings, following the transition to IFRS 9.

The Associates have been accounted in the consolidated financial statements by equity method providing that initial investment is recognized as cost and it is later on adjusted depending on the post-acquisition modification of the Group share in the net assets of the associate in which the Group has invested. The Group profit or loss includes its share of the associate's profit or loss.

Deferred income tax

Deferred income tax is based on the temporary differences between the accounting value and the fiscal value of balance sheet items. These temporary differences may be taxable, meaning they will result in taxable values when determining the taxable result of future periods, or deductible, meaning they will result in values that are deductible when determining the taxable result of future periods.

Considering the impairment adjustments recorded for the fields exploited by the Group and for the existing Iernut power plant, the temporary differences between the accounting value and the fiscal value of assets increased, generating the increase of deferred tax asset on December 31 2018 as compared to December 31, 2017.

CURRENT ASSETS

Inventories

As compared to 2017 inventories decreased at the end of 2018 by 36.85% because of a 49% gas stock decrease in the underground gas storages as compared to the previous year.

Cash and cash equivalent. Other financial assets

On December 31, 2018, cash and cash equivalent and other financial assets (bank deposits and purchased state bonds) were of RON 1,448.08 million, as compared to RON 3,014.43 million at the end of 2017, the decrease being generated by distributing additional dividends in 2018, besides the dividends for 2017. Thus total dividends distributed to shareholders in 2018 were in amount of RON 2.6 billion.

Other assets

Other assets decreased due to recovery in 2018 of RON 113 million out of the total receivable of RON 244 million recorded on December 31, 2017, representing excise duty related to technological consumption for the period 2010-2016.

CAPITAL AND RESERVES

Group's equity decreased by 14.56% (RON 1,306.8 million) as compared to the end of 2017, due to distributing to shareholders as dividends the result of 2017 and part of the result of the previous years, in compliance with the resolution of the Group's general meeting of shareholders. Additional dividends were distributed from Parent Company reserves in 2018.

NON-CURRENT LIABILITIES

Long-term provisions decreased by 19.0% in 2018 as compared to 2017, mainly as a result of decreasing the provision for decommissioning wells that are going to be written off in the future.

CURRENT LIABILITIES

Total current liabilities decreased on December 31, 2018 as compared to the end of previous year by RON 345.8 million, mainly due to application of IFRS 15. Advance payments cashed from clients at the end of the period were presented in 2017 as trade payables, including the amounts related to the deliveries of December 2017 not invoiced by the end of 2017. In 2018 such amounts are presented as net deliveries of December 2018 for which advance payments have been cashed from the clients.

Deferred income increased on December 31, 2018 as compared to 2017 following the receipt of RON 20.99 million from the National Investment Plan for Iernut power plant. The subsidy will be recognised as income, as and when the power plant financed from this fund is depreciated. Bearing in mind that the new investment will be commissioned in 2020, the full amount was recognised in the category of Non-current liabilities.

The Group **did not issue bonds or other debt instruments** in financial year 2018.

7.2. Statement of consolidated Comprehensive Income

The Group profit and loss account summary for the period January 1 – December 31, 2018, as compared to the similar period of the years 2017 and 2016, is shown below:

Indicator	Year 2016 restated**) (RON thousand)	Year 2017 restated*) (RON thousand)	Year 2018 (RON thousand)	Variance (2018/2017)
0	1	2	3	4=(3-2)/2*100
Revenue	3,411,868	4,585,186	5,004,197	9.14%
Cost of commodities sold	(49,878)	(61,095)	(245,020)	301.05%
Investment income	22,117	22,350	53,279	138.38%
Other gains and losses	(468,218)	(122,068)	(102,989)	-15.63%
Net losses from impairment of trade receivables	-	-	(19,941)	n/a
Changes in inventory	20,963	(186,651)	(32,180)	-82.76%
Raw materials and consumables used	(54,632)	(64,329)	(75,460)	17.30%
Net depreciation and amortization	(311,012)	(552,446)	(708,142)	28.18%
Employee benefit expense	(498,114)	(562,894)	(621,330)	10.38%
Finance cost	(18,275)	(18,791)	(29,724)	58.18%
Exploration expense	(253,348)	(183,121)	(247,123)	34.95%
Share of associates'result	-	1,375	622	-54.76%
Other expenses	(881,923)	(1,101,933)	(1,409,447)	27.91%
Other income	361,147	364,169	18,442	-94.94%
Profit before tax	**1,280,695**	**2,119,752**	**1,585,184**	**-25.22%**
Income tax expense	(256,116)	(316,118)	(219,016)	-30.72%
Profit for the year	**1,024,579**	**1,803,634**	**1,366,168**	**-24.25%**

*) In 2018 the Group voluntarily modified the accounting policy regarding recognition of costs with seismic, geological, geophysical works and other similar operations. According to the new policy such costs are recognised as expense when they are incurred. Previously, such costs were recognised as exploration intangible assets. At the same time the Group modified in 2018 the method for calculating the well decommissioning provision, replacing average cost of equity with the related interest rate of the 10 year liability government bonds as liability discount rate, in compliance with industry practices. Moreover, in 2018 the Group reanalysed the depreciation of the gas cushion recorded as non-current asset and concluded that it should not have been depreciated; the correction affected the previous periods, therefore they have been restated in order to make them comparable to the current period. More information on these restatements are shown in the consolidated and individual financial statements annexed to this report.

**)Year 2016 does not reflect the effects of above mentioned accounting policy modification and accounting errors corrections.

Revenue

In 2018, Romgaz recorded a consolidated revenue of RON 5.00 billion compared to RON 4.59 billion achieved in 2017.

The increase resides from a 17.7% rise of income from gas sales both from Romgaz production and gas purchased to be resold and from partnerships, despite the decrease of income from electricity sales (36%) and decrease of income from underground storage services (41.08%) which is due to the decrease by 26% of the gas storage tariff approved by ANRE as of April 1st, 2018.

Cost of Commodities Sold

In 2018, cost of commodities sold increased by 301.05%, due to an increase by 630.61% of the cost of commodity gas sold, due to a 549.7% increase in the quantity of imported commodity gas sold. Nevertheless, the Group has not been significantly influenced by the sale of such gas.

Investment income

Investment income represent income from liquid assets deposited by the Group in banks and in government bonds. The increase by 138.38% as compared to 2017 is generated by the increase of the interest rates.

Other Gains and Losses

Other gains and losses should be analysed together with Net loss from impairment of trade receivables. Following the adoption of IFRS 15, such losses are presented separately in the preliminary result of the consolidated comprehensive income. The Group chose to apply IFRS 15 without restating the previous periods.

As compared to 2017 net losses decreased by 0.7%.

Changes in Inventory

Reduction of negative effect of changes in inventory in 2018 as compared to 2017 is due to the increase by 38% of the gas volume withdrawn from storages as compared to injected gas volumes, as compared to 2017 when the gas volumes withdrawn from storages was higher by 185% than the injected volumes.

Net Depreciation and Amortization

Net Depreciation and Amortization of non-current assets, tangible and intangible, increased in 2018 by 28.18% compared to 2017 mainly due to impairment of RON 141.9 million for the gas fields exploited by Romgaz, following the impairment test performed in December 2018. The Group has also recorded an impairment of RON 54 million of the assets representing the existing Iernut power plant, because of forecasting termination of its activity in 2020, the year of commissioning the new powerplant, which is currently under construction.

Employee benefit expense

The increase of employee benefit expenses by 10.38% compared to 2017 is due both to the indexation of salaries to cover the inflation and granting incentive bonuses for remarkable results, according to the human resource policy.

Exploration expense

Out of the exploration expenses of RON 247.1 million incurred in 2018, the 3D seismic activity in amount of RON 97 million increased by 104% compared to previous year. It proves the Group commitment to discovery of new reserves.
The exploration projects abandoning costs are higher by 11% compared to previous year, but their effect is cancelled by inherent releases of related impairments.

Other expenses

In 2018, other expenses recorded an increase by 27.91% as compared to 2017. The increase of RON 307.5 million is mainly due to the increase of tax expenditures (royalty and windfall tax, as mentioned din the preamble).

Other income

The decrease of other income is mainly due to the income of RON 244 million in 2017 from excises related to technological consumption of the period 2010-2016. Upon the date of this report the Group has recovered the full amount.

7.3. Statement of Cash Flows

Statements of cash flows recorded in the period 2016 – 2018 are shown in the table below:

thousand RON

INDICATOR	2016**)	2017 restated)	2018
Cash flow from operating activities			
Net Profit for the year	**1,024,579**	**1,803,634**	**1,366,168**
Adjustments for:			
Income tax expense	256,116	316,118	219,016
Share from associates' result	-	(1,375)	(622)
Interest expense	15	3	-
Unwinding of decommissioning provision	18,260	18,788	29,724
Interest revenue	(22,117)	(22,350)	(53,279)
Loss on disposal of non-current assets	108,057	74,401	62,961
Change in decommissioning provision recognized in profit or loss, other than unwinding	(5,941)	22,978	(34,390)
Change in other provisions	18,919	11,389	30,152
Impairment of exploration assets	(173,701)	(45,100)	(118,809)
Exploration projects written-off	253,348	135,350	149,620
Impairment of property, plant and equipment	(43,228)	24,489	235,661
Depreciation costs	527,941	573,057	591,290
Depreciation of contract costs	-	-	1,291
Impairment of investments in associates	43	(12,462)	-
Impairment of other financial assets	(1,554)	(21)	-
(Earning)/loss on financial investments at their fair value through profit or loss	-	-	40,782
Losses from disposal of other financial investments	1,577	12,308	-
Losses from trade receivables and other assets	354,321	38,575	20,048
Net impairment of inventories	5,714	8,147	(2,052)
Income from prescribed debts	-	(610)	(58)
Income from subsidies	-	(150)	(269)
Cash generated from operations before movement in working capital	**2,321,062**	**2,957,169**	**2,537,234**
Movement of working capital			
(Increase)/Decrease in inventory	(21,646)	178,363	143,115
(Increase)/Decrease in trade and other receivables	(583,600)	(180,285)	(8,156)
(Increase)/Decrease in trade and other liabilities	337,707	105,975	(194,681)
Cash generated from operations	**2,053,523**	**3,061,222**	**2,477,511**
Interest paid	(15)	(3)	-
Income tax paid	(309,125)	(309,956)	(334,324)
Net cash generated by operating activities	**1,744,383**	**2,751,263**	**2,143,187**
Cash flows from investing activities			
Payments for investment increase in associates	-	(144)	-
Net collections/(payments) related to financial assets	(720,480)	104,970	1,917,569
Interest received	25,178	20,909	49,338
Proceeds from sale of non-current assets	144	207	961
Acquisition of non-current assets	(296,511)	(479,797)	(948,588)
Acquisition of exploration assets	(172,178)	(231,496)	(205,371)
Proceeds from disposal of associates	-	298	-
Net cash used in investing activities	**(1,163,447)**	**(585,053)**	**813,909**
Cash flows from financing activities			
Dividends paid	(1,040,762)	(2,220,003)	(2,638,535)
Subsidies received	-	413	21,108
Net cash used in financing activities	**(1,040,762)**	**(2,219,590)**	**(2,617,427)**
Net Increase/(Decrease) in cash and cash equivalents	**(459,826)**	**(53,380)**	**339,669**
Cash and cash equivalents at the beginning of the year	**740,352**	**280,547**	**227,167**
Cash and cash equivalents at the end of the year	**280,526**	**227,167**	**566,836**

*) In 2018 the Group voluntarily modified the accounting policy regarding recognition of costs with seismic, geological, geophysical works and other similar operations. According to the new policy such costs are recognised

as expense when they are incurred. Previously, such costs were recognised as exploration intangible assets. At the same time the Group modified in 2018 the method for calculating the well decommissioning provision, replacing average cost of equity with the related interest rate of the 10 year liability government bonds as liability discount rate, in compliance with industry practices. Moreover, in 2018 the Group reanalysed the depreciation of the gas cushion recorded as non-current asset and concluded that it should not have been depreciated; the correction affected the previous periods, therefore they have been restated in order to make them comparable to the current period. More information on these restatements are shown in the consolidated and individual financial statements annexed to this report.

**) Year 2016 does not reflect the effects of above mentioned accounting policy modification and accounting errors corrections.

VIII. CORPORATE GOVERNANCE

Corporate governance accommodates continuously to the requirements of a modern economy, to increasing globalization of social life and to investors and interested parties need for information on companies business.

As a national company Romgaz has to comply with GEO No. 109 of November 30, 2011 on public companies corporate governance, as amended and supplemented (the "Ordinance"), approved by Law 111/2016 and Government Decision no. 722 of September 28, 2016 on Methodological Norms for establishing the financial and nonfinancial performance criteria and variable component of remuneration of Board members, or if applicable, of the supervisory board members, and of managers and members of the directorate.

The Ordinance sets up a number of principles and provisions to ensure their application.

Ordinance provisions are observed by the company, and are included in the Company's Articles of Incorporation, as amended and approved by the company's shareholders in the following resolutions no. 19 of October 18, 2013; no. 5 of July 30, 2014, no. 8 of October 29, 2015, no.9 of October 28, 2016 and no.4 of August 9, 2017 (latest update of the Articles of Incorporation).

The updated Company's Articles of Incorporation is posted on the webpage www.romgaz.ro, at "*Investor Relations – Corporate Governance - Reference Documents*".

Since November 12, 2013, Romgaz shares have been traded on the regulated market governed by BVB, at category I, under the symbol "*SNG*", as well as on the London Stock Exchange (where GDRs are traded) under the symbol "*SNGR*".

On January 5, 2015, after the Financial Supervisory Authority approved the proposals to amend BVB's regulations, Romgaz was admitted into the PREMIUM category of BVB regulated market.

As issuer of securities traded on the regulated market, Romgaz has to fully comply with the corporate governance standards provided by applicable national regulations, namely the Corporate Governance Code of BVB, posted on the internet webpage www.bvb.ro, at "*Investor Relations – Regulations - BVB Regulation*".

The corporate Governance System was and will be continuously improved according to rules and recommendations applicable to Companies listed on Bucharest Stock Exchange and on London Stock Exchange.

Some of the *already implemented measures include*:

- Elaboration of a new Corporate Governance Code, in accordance with the new Corporate Governance Code of BVB applicable since January 4, 2016 – the document was approved by Romgaz Board of Directors by Resolution no.2/ January 28, 2016. The Corporate Governance Code was updated and shall be submitted for approval of the Board of Directors.

  The Company's Articles of Incorporation is posted on the webpage www.romgaz.ro, at "*Investor Relations – Corporate Governance – Reference Documents*".

- Board of Directors approval and update of the Internal Rules for the advisory committees during the meetings held on March 24, 2016 (for all committees) and March 23, 2017 (update of the Internal Rules of the Strategy Committee). All other Internal Rules of the advisory committees were amended in 2017 to include the latest legal changes on corporate governance (Law No. 111/2016 and GD No. 722/2016). The rules were updated and are going to be submitted for approval of the Board of Directors.

- Update of the Terms of Reference of the Board of Directors to include the latest legal changes on corporate governance. The Terms of Reference were approved by the Board of Directors on March 23, 2017 and update subsequently in January 2018;
- Elaboration of internal regulation in compliance with the new Corporate Governance Code of BVB.

  The members of advisory committees elaborated the Remuneration Policy, the Board Members Evaluation Policy, the Policy on Related Party Transaction, regulations approved in the Board meeting of March 12, 2019 and March 20, 2019;
- Include in the Board of Directors' Report a chapter dedicated to corporate governance referring, among others, to : the applicable Corporate Governance Code, the duties of the executive management and of the three advisory committees of the Board of Directors (Nomination and Remuneration Committee and Audit Committee and the Strategy Committee), aspects related to remuneration of members of the Board and of managers, measures to improve the corporate governance, aspects related to internal control and risk management system and aspects related to social responsibility;
- Include in the Board of Directors' Report a section referring to compliance with the provisions of BVB Corporate Governance Code (Annex 1);
- Diversify communication ways with shareholders and investors by posting on the website announcements addressed to market players, half year and quarterly financial statements, annual reports, procedures to follow for access and participation to GMS, and by setting up of an "*Infoline*" for shareholders/investors to respond to their requirements and/or questions;
- Establish a specialized department dedicated to investor and shareholder relations;
- Conclusion of professional liability insurance for directors and managers and appointment of a person to monitor such contracts;
- Starting the procedures necessary for the adopting and implementing the National Anticorruption Strategy. Therefore, a Commission has been established, responsible with the implementation of the strategy provisions; the Director General has adopted the Statement of Adherence to the National Anticorruption Strategy and Integrity Plan for 2017, 2018 and 2019, documents published on the internet website at "*Investor Relations – Corporate Governance – Transparency*".

  Among the measures to be implemented we mention the remuneration policy for the executive management, with a fixed and variable component that depends on the results of their evaluation. According to the Corporate Governance Code of London Stock Exchange, long-term bonus schemes should be submitted for approval of the shareholders (GMS).

Aspects related to shareholders

The shareholders structure is presented within Chapter II "Company Presentation"

Romgaz respects and protects the rights and legitimate interests of the shareholders. The company undertakes all necessary efforts to facilitate the exercitation of shareholders' rights in relation with the company under the law and in compliance with the Articles of Incorporation.

A separate document on the rules and procedures of the GMS setting the framework for the way GMS is organized and carried out was drafted and is about to be submitted for the approval of the Board of Directors in the following period of time.

General Meeting of Shareholders

The General Meeting of Shareholders is summoned by the Board of Directors, whenever necessary, in accordance with the legal provisions. The convening notices and afterwards, the GMS resolutions, are sent to Bucharest Stock Exchange, London Stock Exchange and to the Financial Supervisory Authority in compliance with the regulations of the capital market and will be published on the company's website at "*Investor Relations – General Meeting of Shareholders*".

The Ordinary General Meeting of Shareholders has the following main competencies:

a) to approve the company's strategic objectives;
b) to discuss, approve or amend, as the case may be, the annual financial statements of the company based on the reports submitted by the Board of Directors and the financial auditor, and to set the dividend;
c) to discuss, approve or request, as the case may be, the addition or review of the company's management plan, under legal provisions.
d) to set the income and expenditure budget for the following financial year;
e) to appoint and to dismiss the Board members and to set their remuneration;

f) to make an opinion on the governance of the Board of Directors;
g) to appoint and to dismiss the financial auditor and to set the minimum term of the financial audit contract;
h) to approve contracting bank loans, whose value exceeds, individually or cumulated with other bank loans in progress over a financial year, EUR 100 million, equivalent in RON;
i) to approve the documents for establishing guarantees, other than guarantees for the company's non-current assets, with individual or cumulated value with other established guarantees other than guarantees in progress for the company's non-current assets over a financial year of EUR 50 million, equivalent in RON.

The Extraordinary General Meeting of Shareholders has the following main competencies:

a) to change company's legal form;
b) to move the headquarters;
c) to change the Company's scope of activity;
d) to establish companies, as well as conclude or amend incorporation documents of the companies where Romgaz is managing partner;

e) to conclude or amend joint venture contracts where the company is contracting party;
f) to increase the share capital;
g) to reduce the share capital or to restore it by issuing new shares;
h) to merge with other companies or to spin-off the company;
i) the anticipated winding up of the company;
j) to convert shares from a category into the other;
k) to convert one category of bonds into another one or in shares;
l) to issue bonds;
m) to conclude the documents related to the acquisition of non-current assets whose value exceeds, separately or cumulatively, during a financial year, 20% of the total non-current assets of the company, except for receivables;
n) to conclude the documents related to disposal, exchange and set up of guaranties referring to non-current assets whose value exceeds, separately or cumulatively, during a financial year, 20% of the total non-current assets, except for receivables;
o) to conclude the documents related to rental for a period longer than 1 (one) year of tangible assets to the same contractors or to persons involved or acting together, whose

value exceeds, separately or cumulatively, 20% of the total non - current assets, except for receivables at the document conclusion date;

p) any other change in the articles of incorporation or any other resolution that requires the approval of the extraordinary general meeting of shareholders.

Board of Directors

Romgaz is a joint-stock company governed under an one-tier system.

The Board of Directors consists of 7 (seven) directors elected by the general meeting of shareholders, in compliance with legal applicable provisions and the provisions of the Articles of Incorporation, one of its members is appointed Chairman of the Board.

Board of Directors composition complies with the legal criteria/conditions on the share of non-executive and independent directors, the studies and competencies, experience and gender diversity (criteria detailed in the Board of Directors Terms of Reference).

Board of Directors composition on December 31, 2018 is presented in Chapter VI "*Company management*". According to the independency declarations sent to the company, two directors have declared to be independent and one as non-independent. The independence of Board members is determined based on the criteria detailed in Romgaz Corporate Governance Code (art.6).

Aspects on directors' rights, obligations and competencies, as well as aspects related to Board Meetings are detailed in the Articles of Incorporation and in the Board of Directors Terms of Reference.

Until December 31, 2018, the Board of Directors did not make a self- assessment for 2018.

Advisory Committee

In its activity, the Board of Directors is supported by three advisory committees, namely: the nomination and remuneration committee, the audit committee and the strategy committee.

The Audit Committee has legal competencies provided in Article 65 of Law No. 162/2107[13] consisting mainly in monitoring the financial reporting process, the internal control systems, the internal audit and risk management systems within the company, as well as in controlling the statutory audit activity related to annual financial statements and managing the relationship with the external auditor.

The Nomination and Remuneration committee has, basically, the competence to set the procedures for selecting the candidates for the director and manager positions, and to make proposals for the director's position and to get involved in the selection and recruitment procedure or managers, and to make proposals on their remunerations. The committee has also the obligation to elaborate during the financial year an *annual report on the remuneration and other benefits awarded to directors and managers*.

The main scope of the strategy committee is to coordinate drafting/update and monitoring of the company's development strategies, correlated with the national and European energy strategy, to analyse the implementation of such strategies and the measures needed to reach the objectives set, and to monitor the business diversification projects by carrying out some investment objectives.

[13] Law No. 162 of July 15, 2017 on the statutory audit of annual financial statements and of annual consolidated financial statements and of amending pieces of legislation

The detailed presentation of attributions and responsibilities of each advisory committee can be found in their respective Internal Rules published on the company's webpage www.romgaz.ro at "*Investor Relations – Corporate Governance – Reference Documents*".

On December 31, 2018, the advisory committees' structure was the following:

I) Nomination and Remuneration Committee:

- Grigorescu Remus (chairman)
- Nistoran Dorin Liviu
- Ungur Ramona
- Ciobanu Romeo Cristian

II) Audit Committee

- Jansen Petrus Antonius Maria (chairman)
- Grigorescu Remus Nistoran Dorin Liviu
- Ungur Ramona
- Ciobanu Romeo Cristian
- Jude Aristotel Marius

III) Strategy Committee

- Ciobanu Romeo Cristian (chairman)
- Nistoran Dorin Liviu
- Jude Aristotel Marius
- Jansen Petrus Antonius Maria.

Information regarding the Board of Directors' meetings and the Advisory Committees during 2018

During 2018, the Board of Directors held a number of 24 meetings, in compliance with the legal and statutory provisions, out of which:

- 19 effective meetings of the directors;
- 5 conference-call meetings; and
- 17 electronic vote meetings.

The attendance at the Board of Directors' meetings:

First name and last name	Number of meetings during the mandate	*P*		*A*		*NP*	
		No.	%	No.	%	No.	%
Nistoran Dorin Liviu	41	41	100.0				
Ciobanu Romeo Cristian	41	33	80.5	1	2.4	7	17.1
Grigorescu Remus	41	40	97.6	1	2.4		
Volintiru Adrian Constantin	41	41	100.0				
Ungur Ramona	18	18	100.0				
Jude Aristotel Marius	18	18	100.0				
Jansen Petrus Antonius Maria	18	13	72.2			5	27.8
Baciu Sorana Rodica	23	21	91.3			2	8.7
Cermonea Daniel Ioan	23	21	91.3			2	8.7
Anghel Daniel Florin	23	18	78.3			5	21.7

where:
P = participate
A = power of attorney
NP = did not participate

Directors' attendance at Advisory Committees' meetings:

Nomination and Remuneration Committee: **15** meetings

First name and last name	physical attendance
Grigorescu Remus	15
Baciu Sorana Rodica	10
Cermonea Daniel Ioan	13
Nistoran Dorin Liviu	15
Volintiru Adrian Constantin	10
Ungur Ramona	4
Ciobanu Romeo Cristian	3

Audit committee: **8** meetings

First name and last name	physical attendance
Baciu Sorana Rodica	5
Grigorescu Remus	5
Cermonea Daniel Ioan	5
Ciobanu Romeo Cristian	3
Volintiru Adrian Constantin	4
Petrus Jansen Antonius Maria	2
Ungur Ramona	2
Jude Aristotel	2
Nistoran Dorin Liviu	1

Strategy Committee: **3** meetings

First name and last name	physical attendance
Ciobanu Romeo Cristian	3
Baciu Sorana Rodica	2
Nistoran Dorin Liviu	2
Grigorescu Remus	3
Volintiru Adrian Constantin	1
Jude Aristotel Marius	1

Director General

In compliance with the company's Articles of Incorporation "*the Board of Directors shall assign, totally or part of, the management competences of the Company to one or more managers, appointing one of them as Director General*" Article 24, paragraph (1), "manager" meaning "*the person to whom the Board of Directors delegated authority to manage the company"* Article 24, paragraph (12).

During January 1 – June 14, 2018 Mr. Cindrea Corin Emil acted as Director General having some company management attributions and competencies delegated by the Board of Directors.

During June 15, 2018 – October 1, 2018 Mr. Volintiru Adrian Constantin acted as Romgaz interim CEO.

On October 2, 2018 Mr. Volintiru Adrian Constantin was appointed as CEO of the company for a 4 years mandate.

By Resolution no. 49 from October 9, 2018, the Board of Directors established the duties delegated to the Director General by the Board of Directors as follows:

A. *Duties related to internal management*:

a) Carries out the Company's main activity and development directions established by the Board of Directors;

b) Carries out the Company's' development strategies and/or policies approved by the Board of Directors;

c) Follows the way the accounting and financial control policies are carried out and approves the financial and financial planning reports;

d) Concludes legal acts on behalf, in the interest and on the account of the Company, according to Law No. 31/1990. For contracts with an equivalent value between 1,000,000 and 10,000,000 Euros it is necessary to inform the Board of Directors within a 30 days period of time. Contracts with a value higher or equal with the equivalent of 10,000,000 are approved by the Board of Directors;

e) Organizes the Company's' personnel selection, hires, awards, sanctions and fires, as the case may be, the Company's' personnel in compliance with the provisions of labour legislation and the provisions of the labour contract;

f) Names, suspends and/or revokes the functional units' managers and executive directors, and negotiates their basic salaries.

g) Proposes for the Board of Directors approval the Organizing and Company's' Functioning Regulations and organizational chart;

h) Approves the Company's' organizational and functional chart as well as the other internal documents which regulate the Company's' activity at employees level;

i) Negotiates the Collective Labour Contract (CLC) and the individual labour contracts in compliance with the provisions from the CLC – salary and social expenses and fund limits provided in the incomes and expenses budget approved by the Company's' General Shareholders Assembly

j) Establishes the personnel's competencies, attributions, duties and responsibilities on departments, except the departments related to executive directors and managers on mandate;

k) Analyses the business opportunities in the Company's interest with internal and external partners;

l) Ensures the efficiency of the internal control system and the management system in compliance with the legislation in force;

m) Organizes and manages the Company's activities, coordinates and controls them in order to ensure the lawful usage of financial, material and human resources, in accordance with the accounting system approved by the Company's Board of Directors and the applicable legal provisions and the provisions of the present Contract of Mandate;

n) Represents the Company with full and discretionary rights in general meetings and boards of directors of third companies where the Company is partner/shareholder, excepting naming and revoking the members of their boards of directors which is possible through special mandate from the Board of Directors.

o) May delegate the power to represent the company for specific documents by its decisions with the prior approval of the Board of Directors;

p) Ensures and promotes the Company's image;

q) Fulfils any other duties provided in the Applicable Legal Frame in compliance with the law.

B. *Responsibilities and duties related to the representation of the company*:

- represents the company when concluding/issuing legal documents;
- represents the company in pre-contractual, administrative and/legal procedures;

- fulfils any accessory duties, namely any acts and special operations necessary and useful for achieving the above mentioned duties.

The Director General has to inform periodically the Board of Directors on the manner of achieving the assigned duties, as well as the right to request and to obtain instructions on the manner of exercising the assigned duties.

Internal Audit

Internal audit activity is organised and conducted in compliance with:

- Law 672/2002 on the internal public audit;
- Own methodological norms, issued under GD No. 1086/2013 on approving the General Norms on exercising the internal public audit;
- Order of the Ministry of Public Finances No. 252/2004, Code of ethics of the internal auditor, as subsequently amended and supplemented;
- SNGN Romgaz SA Internal Audit Charter.

Romgaz sets and keeps the internal audit activity operational, being performed independently from other functions and activities. According to the applicable law, the Internal Audit Department is directly subordinated to the Director General, but reports to the Board of Directors through the Audit Committee.

Internal auditing mission, attributions and responsibilities are defined in the Internal Audit Charter approved by the Director General. The charter sets the position of the internal audit within the company, sets the manner for accessing company's documents in order to duly fulfill audit missions and defines their scope of activity.

Internal auditing is conducted permanently in order to provide an independent evaluation of operations, control and its management processes, evaluates the potential risk exposure of various business segments (asset security, compliance with laws and contracts, integrity of operational and financial information etc.) makes recommendation for improving the systems, controls and procedures to ensure efficiency of operations and observes the proposed corrective actions and the results.

Internal auditing is conducted as follows:

- Evaluate the management and internal control systems – system audit;
- Evaluate results of the monitored objectives and examine the actual impact – performance audit;
- Ensure conformity of procedures and operations with legal requirements – regularity audit.

The internal audit activity is an independent and objective activity, which gives the company an insurance regarding the control level on operations, and it is carried out in compliance with the prepared and approved procedures.

The internal audit activity was performed in 2018 according to the audit plan prepared based on the risk analysis related to auditable activities of the company within their scope of activity. In this context, the Internal Public Audit Service carried out a planned insurance mission, a planned informal counselling mission and 4 ad-hoc insuring missions. The following areas were included in these missions:

- ✓ budget;
- ✓ public acquisitions;
- ✓ company's specific functions;
- ✓ financial - accounting;

- ✓ information technology.

The objectives of the internal audit are to support the company in identifying and evaluating significant risks in order to provide an independent evaluation on risk management, on the control and management processes and to support the company in maintaining an efficient and effective control system.

Optimizing the company's internal audit organizational chart structure was analysed in 2018 in order to improve the organization and to represent a useful instrument in company management. In this respect, the audit structure was supplemented with 3 new job positions.

The National Anti-Corruption Strategy 2016 – 2018 defines the necessity to perform an internal audit once in 2 years of the corruption prevention system at all public authorities level, starting with 2018.

Starting with April 1, 2018 *Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploieşti SRL* operates under the authority of SNGN ROMGAZ SA having an internal audit office.

In order to ensure internal audit efficiency and having in view the changes occurred at Romgaz during 2018, the specific internal regulations were updated and adjusted (implementing regulations that are specific for Romgaz, operational procedures and quality enhancement program for the internal audit activity).

Risk Management and Internal Control

Company's Policies and Objectives related to Risk Management

In accordance with the Corporate Governance Code, one important role played by the company's management is to ensure that an efficient risk management system is in place.

One major concern of the management is to raise the awareness on the objectives of the risk management process, the necessity of direct implication in the risk management process, as well as the alignment to the latest practices in the sector by complying with the applicable law, standards and norms related to such process.

The company's risk management system is implemented in accordance with:

- Government Ordinance no.119/1999 (Article 4) on the internal control and the preventive financial control;
- Law no. 234 of December 7, 2010 amending and supplementing Government Ordinance No. 119/1999,
- General Secretariat of Government Ordonnance No. 400 of June 12, 2015 for approval of Public Entities Internal Management Control Code.
- International Standard ISO 31010:2009: "*Risk management – risk assessment techniques"*;
- International Standard ISO 31000:2009: "*Risk management/Principles and guidelines*";
- Romanian Standard SR Guidelines 73:2009: "*Risk management-Vocabulary*".
- General Secretariat of Government No. 600 of April 20, 2018 for approval of Public Entities Internal Management Control Code.

Consequently, in compliance with the risk management process, the company systematically analyses, at least once a year, the risks related to its objectives and activities and prepares adequate remedy plans in order to mitigate the possible consequences of such risks, and appoints employees responsible for implementing those plans.

Moreover, the risk management system implemented within the company is an integral part of the decision making process by setting the requirement to use a risk management analysis when drafting any document (technical projects, execution projects, reservoir studies).

The main benefits of the risk management process is the improvement of the company's performance by identifying, analysing, assessing and managing all risks within the company, in order to minimize the negative risk consequences or to increase the positive risk consequences, as the case may be.

A risk management department has been established for an efficient assessment of the company's risks. One major task of this department is drafting the company's final documents in terms of risk management: Final Risk Register, Final Risk Report, Final Measure Implementation Plan and the Company's Risk Profile.

Three role levels are set up in the risk management system:

- *base level*, represented by those who identify risks and by the risk managers (head of each organizational unit) who are responsible for preparing risk management documents related to the level of the unit they manage;
- middle level, represented by the company's middle management, who together with the heads of the organizational units form the Risk Management Commission that facilitates and coordinates the management process within the respective direction/department/division;
- high level, represented by the executive upper management through the Monitoring Commission that approves the company's risk appetite and risk profile in accordance with its objectives.

General scope of the risk management activity:

1. setting the general uniform framework for risks identification, analysis and management;
2. providing the appropriate tool for a controlled and efficient risk management;
3. describing the manner in which control measures are set and implemented in order to prevent the occurrence of negative risks.

Some of the analysed risk categories are: financial risks, market risks, occupational health and safety risks, personnel risks, risks related to information systems, and legal and regulatory risks.

All risks are analysed from following perspectives:

- the specific objective that the risk refers to;
- causes of risk occurrence;
- consequences further to risk materialization;
- occurrence probabilities;
- risk materialization impact;
- risk exposure;
- risk response strategy;
- recommended control (remedy) measures;
- residual risks remaining after treatment of initial risks.

Risk exposure

The Company is exposed to a variety of **financial risks**: market risk (which includes foreign currency risk, inflation risk, interest rate risk), credit risk, liquidity risk. The Company's risk management program is focused on the financial market's unpredictability and seeks to minimize, within some limits, the potential bad consequences on the Company's financial performance. However, this approach does not prevent the losses that occur outside these limits in case of some significant variations on the market. The Company does not use derivatives in order to cover the exposure to some risks.

The Company is exposed to foreign currency risks as a consequence of the exposure to different foreign currencies.

The financial assets that expose the Company to a potential credit risk comprise mainly trade receivables. The Company's policies provide that the sales are made to clients with a low credit risk. Also, the sales must be guaranteed either by advanced payments or by letter of bank guarantee. The net value of the receivables, after the impairment of doubtful debts, represents the maximum value exposed to credit risk. The Company has a risk concentration related to its 4 biggest clients, which together represent 89.55% from the net receivables balance on December 31, 2018 (the biggest 4 clients: 91.25% on December 31, 2017). Even though the collection of receivables might be affected by economic factors, the Company's management believes that there is no significant risk of loss for the company, besides the impairment of doubtful debts, already established.

The Company management is responsible for the liquidity risk management. The company management established a suitable framework for liquidity risk management for the Company's short, medium and long-term financing and for complying with the provisions for liquidity risk management. The Company manages liquidity risk by maintaining an adequate level of the reserves by continuous monitoring of the forecasts and present cash flow and by connecting the profile of financial assets maturity with those of the financial debts.

Commercial risks to which the Company is exposed are continuously evaluated by the risk management system. A new vision is about to be implemented in this respect so that the market risks impact, quantitative as well as price risks, to which the Company is naturally exposed in its trading activity, will be systematically and continuously evaluated and quantified, evaluated and minimized/remedied, as the case may be.

The main risks identified are the quantitative ones (volatility of the demand/offer ratio on the market) with consequences in underselling and overselling, as well as price risks, inherent on a volatile market, emerging under the aspect of liquidity but also influenced by a multitude of internal factors (regulating/political) and also external factors (related to the sources of import).

At present, one of the main risk factors with direct consequences on the company's commercial outcome is the political and regulations risk. The Company uses all available instruments in order to minimize/remedy this risk by means of dialogue with the competent authorities, in the phase of drafting the regulating documents as well as afterwards in the phase of enforcement. During 2018, the regulation framework suffered major changes related to adopting an European market model regarding the Network Code, as well as changes of the primary legislation by amending in two steps Law No. 123/2012. The last amendment, operated by Government Ordinance No. 114/2018 establishes a maximum natural gas sale price after April 1 2019, but also tax measures that fall in the responsibility of the energy operators. These consequences are evaluated/remedied by the company in order to minimize the effects.

Internal control

In Romgaz, the internal control system operates in a control environment continuously changing that requires the adjustment of control at the level of every activity, differentially and integrative, established in relation to the company's interests.

Internal control is a process carried out by personnel at all levels, Board of Directors, executive management, entire personnel.

Romgaz internal management control system is developed and implemented in order to reach the following objectives:

- compliance with legal regulation, with internal rules, with contracts and administrative and jurisdictional decisions applicable to the company's activity;
- fulfilling Romgaz objectives under effectiveness, economy and efficiency conditions;
- protect Romgaz patrimony against losses due to errors, waste of money, fraud or abuse;
- development and maintenance of collection, storage, processing, updating and distribution of financial and management data and information, as well as of proper systems/procedures to inform the public.

Drafting, implementation, development and assessment of internal/management control system for Romgaz are achieved in compliance with the provisions set in Government Ordinance No. 119/1999 and with the standards provided by SGG Order No. 600/2018.

2018 internal control management system development/enhancement actions:

- Romgaz adherence to the principles and fundamental values promoted by the National Anticorruption Strategy 2016-2020 – elaborate the Integrity Plan no. 47/01.02.2018 posted on the company's website - correlated with the Development Program of the Internal Management Control for 2018;
- Analysing and identifying the sensible job positions at every organisational unit level compliant with Procedure PS – 16. Inventory of sensible job positions Ed3/Rev.0/05.12.2018. The risks identified in the analysis were centralized at the beginning of 2019 and will be submitted to the Monitoring Committee, which will draft the Inventory of sensible job positions and the List of the persons in these jobs after the debates and the final vote.
- Preparing and disseminating a guide on internal management control system so that the employees that are in management positions know the new regulations provided in Order SGG NO. 600/2018 and increasing the awareness on anticorruption education of all the employees, correlated with intensifying the internal management control system activity of all organisational units managers. The dissemination was carried out by email and within the meetings held at the headquarters and Romgaz branches during December 2018;
- Updating procedure 18PO-03 „Coordinating and monitoring the internal management control system development „approved on 13.12.2018;
- Updating instruction 18IL-01 „Internal management control system self assessment" from 13.12.2018;
- Preparing a training project in order to improve risk management. Two activity areas were selected within this project: trading and purchase/investments. The project started in June 2017 and ended in July 2018;
- Draft and update Romgaz Risk Register.

According to the self-assessment results for the implementation of Internal/Management Control System, in 2018 (in relation to the 16 internal/management control standards provided in Order no. 600/2018), the Internal/Management Control System is compliant.

Ethics and Integrity Code

Romgaz's Code of Conduct was prepared first in 2013.

The periodical reports on the indicators relevant for compliance with the rules of conduct have been prepared by the person responsible with monitoring the compliance with the Code of Conduct and have been posted on the intranet webpage of the Company.

Subsequently, considering the need to comply with the legal requirements on corporate governance, internal control and National Anticorruption Strategy, the company's executive management updated the Code of Conduct. The updated document – SNGN Romgaz SA Ethics and Integrity Code – was approved by BoD Decision No.47 of October 1, 2018.

The most important amendments/supplements of this Ethics and Integrity Code are the following: conflict of interests, trade of company's shares, compliance with laws on competition, integrity insurance and preventing corruption deeds, prevention and reporting frauds, money laundry etc.

Corporate Social Responsibility

Romgaz activities in the field of social responsibility are performed voluntarily, beyond the legal responsibilities, the company being aware of its role in society.

Social responsibility means for Romgaz a business culture including business ethics, customer rights, economic and social equity, environmental friendly technologies, fair treatment of workforce, transparent relationship with the public authorities, moral integrity and investment in the community.

Moreover, Romgaz supports a sustainable development of the society and community, through financial support/ total or partial sponsorship for some actions and initiatives in the following main domains: education, social, sport, health and environment.

Granting financial support/partial or total sponsorship for actions and initiatives, within the budgeted limits, Romgaz has shown a pro-active attitude of social responsibility and increased the awareness of the parties involved as regards to the importance and benefits of social responsibility actions.

In 2018, Romgaz supported, totally or partially, actions and initiatives stipulated in Government Emergency Ordinance ("GEO") no.2/2015, complying with the budget, as follows:

Expenses/activities	Achieved (RON)
Total of sponsorship expenses, out of which	**13,999,460**
• Expenses with sponsorships in medical and health domains - Article.XIV letter.a)	5,599,460
• Expenses with sponsorships in education and sport domains – Article XIV letter.b) – total, out of which:	6,900,000
○ For Sports Clubs	5,990,000
• Sponsorships for other actions and activities - Article.XIV letter.c)	1,500,000

The detailed description of the projects as regards the sponsorship provided in GEO no.2/2015 is included in the *Annual Report on Social Responsibility and Patronage for 2018* published on www.romgaz.ro at "*Investor Relations - Corporate Governance - Social Responsibility*".

The projects carried out in 2018 had besides the positive impact on the environment and community, an important benefit for the company by inspiring the organisational culture and the goodwill being a responsible employer, and also an involved social partner, promotor of a transparent and open relationship. This is positively reflected in Romgaz image, domestically and internationally, both for investors, central and local authorities and for other stakeholders.

When supporting/performing projects, actions, social responsibility initiatives, Romgaz took into consideration the provisions of Sponsorship Policy and Sponsorship Guide applicable in 2018, published on the company's website at Social Responsibility.
(https://www.romgaz.ro/en/content/social-responsibility-0)

Politics and Remuneration Criteria of the Executive and Non-Executive Members of the Board of Directors and of managers

Legal Framework

The politics and remuneration criteria of the executive and non-executive members of the Board of Directors are based on the following norms:

- Law no. 31/1990 on trading companies, as subsequently amended and supplemented;
- GEO no. 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented, approved by Law no.111/2016;
- The company's Articles of Incorporation, approved by the Extraordinary General Meeting of Shareholders no. 9/October 28, 2016 and no.4/ August 9, 2017 (last update of the Articles of Incorporation);
- Resolution No. 9/ December 20, 2017 of the Ordinary General Meeting of Shareholders approving the director agreements for interim members of the Board of Directors;
- Resolution No. 8/ July 8, 2018 of the Ordinary General Meeting of Shareholders approving the form of the contract signed with the directors elected for a 4 years mandate;
- Resolution No. 14/ August 26, 2013 of the Ordinary Meeting of Shareholders establishing the general limits for the director general remuneration, active member of the BoD;
- Resolutions No. 7/ February 22, 2018 and No. 29/ June 14, 2018 approving the Contracts of Mandate of the interim director general;
- Resolution No. 45/ October 2018 appointing the Director General for 4 years and approving the Contract of Mandate;
- Resolution No. 35/ December 14, 2017 approving the Contract of Mandate of the Chief Financial Officer;
- Resolution No. 39/ August 28, 2018 approving the Contract of Mandate for a determined period from 28.08.2018 until 02.11.2021.

For compliance with the Requirements of BVB Corporate Governance Code and GEO no. 109/2011, Romgaz drafted the Policy on remuneration, which shall be submitted for approval of the Board of Directors.

The structure of the remuneration granted to non-executive directors
The fixed monthly remuneration as well as the variable one were established according to applicable legal provisions (detailed in the 2018 Annual Report on remunerations and other benefits granted to SNGN Romgaz SA directors and managers) and provided in the Director Agreement of each directors, as approved by the applicable GMS resolution.

The fixed monthly remuneration for 2018 was established at a monthly gross allowance equal to two times the average on the last 12 months of the monthly gross salary for the activity carried out according to the main activity objective from the national economy, communicated by the Statistics National Institute before the appointing.

The variable remuneration provided in the director's agreement, the management plan and the financial and nonfinancial indicators approved by the General Shareholders Meeting in 2019. The variable element, as well as the performance objectives and indicators revision conditions will be the object of an addendum at the directors' agreement.

The structure of the remuneration granted to the executive director, namely Director General

While acting as executive member of the Board of Directors, the Director General concluded both a director agreement for the membership in the Board and a contract of mandate for the position as Director General. The Director General was entitled strictly to payment of the remuneration according to the contract of mandate.

The structure of the remuneration granted to managers

The monthly fixed remuneration, as well as the *variable remuneration* were granted under the legal applicable provisions (detailed in the Annual Report 2018 on remunerations and other benefits granted to SNGN Romgaz SA directors and managers), such being provided in the Contract of mandate of each manager, and approved by the Board resolutions.

The monthly fixed remuneration for 2018 was set at a monthly gross allowance six times the average over the last 12 month from the monthly gross average salary for the work carried out in accordance with the company's main business as communicated by the National Institute of Statistics, prior to nomination. The fixed allowance is updated at the beginning of each year depending on the data provided by the National Institute of Statistics.

The variable remuneration established according to the fulfilment of financial and nonfinancial performance indicators and objectives, will be the scope of an addendum to the contract of mandate. In 2018 the Chief Executive Officer and the Chief Financial Officer did not benefit of variable remuneration.

NON-FINANCIAL STATEMENT

Romgaz prepares a ***separate report*** for financial year 2018, that will be public on the company's website by the end of June 2018, according to the Order of the Ministry for Public Finances no. 2844/2016[14] (chapter 7, item 42, para (1)).

[14] Order of the Ministry of Public Finances no.2844 of December 12, 2016 on approving Accounting Regulations compliant with the International Financial Reporting Standards

IX. PERFORMANCE OF THE MANDATE CONTRACT/DIRECTORS' AGREEMENTS

Directors Agreements

After the expiration of directors agreements who were appointed in 2013 for 4 years by the General Meeting of Shareholders, interim directors have been successively appointed. The directors' agreements approved by the General Meeting of Shareholders do not include provisions on the performance indicators and criteria.

Currently the elaboration of the Company Governance Plan is in progress. Following the approval of the Governance Plan will start the actions for convening the General Meeting of Shareholders for negotiation and approval of financial and non-financial performance indicators to be provided in the directors' agreement by and addendum.

Contract of Mandate

The Board of Directors appoints on December 14, 2017 under Resolution No. 37, Mr. *Cindrea Corin Emil* as interim Director General for 4 months, with the possibility to extend it up to maximum 6 months.

The Board of Directors decided under Resolution no. 19 of April 12, 2018 to extend the Contract of Mandate of the Director General by 2 months, until June 14, 2018.

The contract of mandate concluded with the Board of Directors does not include performance indicators and criteria.

The Board of Directors appointed on June 14, 2018 under Resolution No. 29, Mr. *Volintiru Adrian Constantin* as Chief Executive Officer for four months, and the Board of Directors appointed under Resolution No. 45 of October 1st, 2018 Mr. Volintiru Adrian Constantin as Chief Executive Officer of the company for a four-year mandate.

The Board of Directors appointed on November 2nd, 2017 under Resolution No. 30 Mr. *Bobar Andrei* as Chief Financial Officer. The Board of Directors appointed on August 28, 2018 under Resolution No. 39 Mr. Bobar Andrei as Chief Financial Officer for a limited period, from August 28, 2018 until November 2nd, 2021.

The contracts of mandate concluded between the Board of Directors and the Chief Executive Officer, and the Chief Financial Officer, respectively, do not provide the performance indicators and criteria. They will be negotiated and included in the contracts of mandate by an addendum, after completion and approval of the Governance Plan of the Company for the duration of the mandate.

The timeline of the director agreements, the contracts of mandate and of the Governance Plan is the following:

- ***July 6, 2018*** – GMS Resolution no.8/2018 appointed by cumulative vote the members of the Board of Directors (BoD) for a 4 year mandate.
- ***July 27, 2018*** – BoD analysed and approved the governance component of the Governance Plan, in compliance with Art. 30, para.(1) of GEO no.109/2011;
- ***August 28, 2018*** – BoD appointed under Resolution no.39, Mr. Bobar Andrei as Chief Financial Officer for a limited period, from August 28, 2018 until November 2nd, 2021;

- ***October 1st, 2018*** – BoD appointed under Resolution no.45, Mr. Volintiru Adrian Constantin as Chief Executive Officer of the company for a four-year mandate;
- ***November 29, 2018*** – BoD analysed and approved the management component of the Governance Plan, in compliance with art. 36, para.(1) of GEO no.109/2011.

The Board of Directors will convene the Company's Ordinary General Meeting of Shareholders in compliance with art.30, para.(3) of GEO no.109/2011, to review and approve the financial and non-financial key indicators for the mandate term, the variable component of the directors' remuneration, the limits of the fixed allowance and the variable component of the managers remuneration and the addendum to the contract of mandate to be signed with the non-executive members of Romgaz Board of Directors.

SIGNATURES

Chairman of the Board of Directors,

NISTORAN DORIN LIVIU

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Chief Executive Officer,	**Chief Financial Officer,**
VOLINTIRU ADRIAN CONSTANTIN	**ANDREI BOBAR**
....	....

Societatea Naţională de Gaze Naturale "ROMGAZ" S.A. MEDIAŞ J32/392/2001 1

Table of Compliance with the Bucharest Stock Exchange Code of Corporate Governance

Governance code provisions		Complies	Does not comply or partially complies	Reasons for non compliance/Explanations on compliance
1		2	3	4
A.1	All the companies must have an Internal Regulation of BoD that includes the reference terms/ the responsibilities of the Board and the company’s key management positions, and that applies, among others, the General Principles in section A.	x		
A.2	The ToR of the BoD should include provisions for the management of conflict of interest stating that members of the Board should notify to the Board 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 non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	x		
A.3	The BoD has at least five members.	x		
A.4	The majority of the members of the BoD is non-executive; not less than two non-executive members of the BoD must be independent. Each independent member of the BoD must submit a statement at the time of his/her nomination for election or re-election, as well as whenever a change in his/her status occurs, indicating the elements on which it is deemed independent in terms of its character and his judgment.	x		
A.5	A Board member’s other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and non-profit organizations, should be disclosed to shareholders and to potential investors prior to his/her nomination and during his/her mandate.	x		
A.6	Any member of the BoD 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. This also applies to any relationship which may affect the member's position on matters decided by the Council.	x		
A.7	The company should appoint a Board secretary responsible for supporting the work of the BoD	x		

Governance code provisions		Complies	Does not comply or partially complies	Reasons for non compliance/Explanations on compliance
1		2	3	4
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/guidelines regarding the evaluation of the BoD containing the purpose, criteria and frequency of the evaluation process.		x partially	The section on *Statement on corporate governance* in the Annual Board of Directors' Report includes statements on the evaluation of the BoD. Romgaz prepared the *Board Evaluation Policy* and it was approved by BoD on 12 March 2019. Following its approval the Policy regarding evaluation was published on the company's web site.
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 (personally and in their absence) and a report of the Board and committees on their activities.	x		
A.10	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	x		
A.11	The BoD should set up a nomination committee formed of non-executives, 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	x		
B.1	The Board should set up an Audit Committee and at least one member should be an independent non-executive. The Audit Committee should be formed of at least three members and the majority should be independent. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee should have a proven and appropriate accounting and auditing experience.	x		
B.2	The Chairperson of the Audit Committee should be an independent non-executive member.	x		

	Governance code provisions	Complies	Does not comply or partially complies	Reasons for non compliance/Explanations on compliance
1		2	3	4
B.3	Among its responsibilities, the Audit Committee should undertake an annual assessment of the internal control system.	x		The responsibility for monitoring the effectiveness of the company's internal control, internal audit and risk management systems is specified in the ToR of the Audit Committee. For 2018 the Audit Committee performed the annual assessment of the internal control system.
B.4	The provision mentioned in section B.3 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, and management's responsiveness and effectiveness in dealing with the failures and weak points identified during the internal control and submit relevant reports to the Board.	x		See section B.3
B.5	The Audit Committee should review conflicts of interests in transactions of the company and its subsidiaries with affiliated parties.	x		This provision is already mentioned under Art. 8, par. 2 of CCG ROMGAZ. The ToR of the Audit Committee approved by the BoD in the meeting of May 14, 2018 contains provisions in relation to this obligation. Also, Romgaz has developed a *Policy on related party transactions* and this was approved by the BoD on March 20, 2019. Following the approval it was published on the company's website. For 2018, the Audit Committee performed evaluation on conflicts of interest whenever was the case.
B.6	The Audit Committee should evaluate the efficiency of the internal control system and risk management system	x		The responsibility for monitoring the effectiveness of the company's internal control systems, internal audit and risk management systems is specified in the ToR of the Audit Committee.

Governance code provisions		Complies	Does not comply or partially complies	Reasons for non compliance/Explanations on compliance
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				For 2018, the Audit Committee performed the annual assessment on the internal control system and on the risk management system.
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.	x		
B.8	The Audit Committee should report periodically (at least annually) or adhoc to BoD with regard to the reports or analyses undertaken by the committee.	x		
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	x		
B.10	The BoD 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 higher than 5% of the company's net assets (as stated in the latest financial report), it should be approved by the Board following a mandatory opinion of the Audit Committee and fairly disclosed to the shareholders and potential investors, to the extent such transactions fall under the category of events subject to disclosure requirements.	x		The provision is already mentioned under Art. 9 of CCG ROMGAZ and it will be implemented by the *Policy on related party transactions*, policy approved by the BoD on March 20, 2019. Following the approval, the policy was published on the company website.
B.11	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by hiring an independent third-party entity	x		
B.12	The Internal Audit Department should functionally report to the BoD via the Audit Committee. For administration purposes and for the scope related to the obligations of the management to monitor and mitigate risks, the Internal Audit Department should report directly to the Director General.	x		

	Governance code provisions	**Complies**	**Does not comply or partially complies**	**Reasons for non compliance/Explanations on compliance**
	1	2	3	4
C.1	The company should publish on its website the Remuneration Policy. The Remuneration Policy must be formulated so as to allow the shareholders to understand the principles and arguments underlying the remuneration of the members of the Board and of the General Director. Any significant change occurred in the Remuneration Policy must be posted in due time on the company's website. The company must include in its Annual Report a statement on the implementation of this Policy during the annual period under review. The Report on Remuneration must present the implementation of the Remuneration Policy for persons identified in this Policy during the annual period under review..	x		The provision is already mentioned under Art. 11, par. 5 of CCG ROMGAZ. The section *Statement on corporate governance* in the Annual Board of Directors' Report includes statements regarding the implementation of the Remuneration Policy and the remuneration of the Board of Directors members and of the directors. A separate document on *Remuneration Policy* was drafted and approved by the BoD on March 12 2019. Following the approval, the policy was published on the company website. The Annual Report on Remuneration is presented together with the Annual Board of Directors' Report. It presents details of the principles applied for the determination of the remuneration of the Board Members and directors.
D.1	The company should establish an Investors Relation Department - indicating to the public the responsible person/persons or the organizational unit. Besides the information required by the legal provisions, the company should also include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all the relevant information of interest for investors, including:	x		
D.1.1	Main corporate regulations: the articles of incorporation, general meeting of shareholders procedure;		x partially	Items on the GMS organization are presented to shareholders at each meeting. A separate document on the *GMS Procedure and Rules* was prepared and it will be submitted for BoD approval in a meeting subsequent to this statement of conformity.

	Governance code provisions	Complies	Does not comply or partially complies	Reasons for non compliance/Explanations on compliance
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D.1.2	Professional CVs of the members of the company's governing bodies, other professional commitments of Board member's, including executive and non-executive Board positions in companies and non-profit organizations.	x		
D.1.3	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least those specified in Note D.8- including current reports with detailed information related to non-compliance with the Bucharest Stock Exchange Code of Corporate Governance	x		
D.1.4	Information related to GMS: the agenda and supporting materials; the procedure approved for the election of BoD members, the arguments for the proposal of candidates for the election to the Board together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken by the GMS	x		
D.1.5	Information on corporate events (such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder) including the deadlines and principles applicable to such operations. The information will be published within a period of time allowing investors to take investment decisions.	x		
D.1.6	The names and contact data of the persons who should be able to provide knowledgeable information on request;	x		
D.1.7	Corporate presentations (for example presentations for investors, presentations on quarterly results etc.), financial statements (quarterly, semi-annual, annual), audit reports and annual reports.	x		
D.2	The company will have a policy for annual cash distribution of dividend or other benefits for shareholders, proposed by the Director General and adopted by the BoD as the company's Guideline on net profits distribution. The principles of the annual distribution of dividends policy to Shareholders will be published on the company's website.	x		
D.3	The company shall adopt a policy with respect to forecasts, whether they are made public or not. The Policy on forecasts will determine the forecasts' frequency, period and content and will be published on the company's website.	x		
D.4	GSM rules should not restrict the participation of shareholders in general meetings and the exercising of their rights. The modification of rules will become effective no sooner than the following shareholders' meeting.	x		
D.5	The external auditors should attend the shareholders' meetings when their reports are presented there.	x		External auditors are invited to attend GMS meetings when their reports

Governance code provisions		Complies	Does not comply or partially complies	Reasons for non compliance/Explanations on compliance
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				are presented in said meeting.
D.6	The BoD should present to the GMS 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.	x		
D.7	Any professional, consultant, expert or financial analyst, may participate in the shareholders' meeting upon prior invitation from the BoD. Accredited journalists may also attend the GMS, unless the Chairman of the Board decides otherwise.	x		
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.	x		
D.9	The company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published on the company website in the IR section at the time of meetings/teleconferences.	x		
D.10	If the 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 is part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	x		

Legend:

GMS = General Meeting of Shareholders
BSE = Bucharest Stock Exchange
BoD = Board of Directors
CCG = Code of Corporate Governance
CCG ROMGAZ = the Code of Corporate Governance of S.N.G.N. ROMGAZ S.A., approved on January 28, 2016.
CV = Curriculum Vitae
ToR = Terms of Reference

SNGN "ROMGAZ" SA **Annex no.2**

Litigations (status on December 31, 2018)

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
~~0~~	~~1~~	~~2~~	~~3~~	4	~~5~~	~~6~~	7
1	3878/110/2007 - Bacau County Court of Law	insolvency proceedings	Romgaz - creditor	S.C.Uzina Termica Comanesti S,A - debtor	328,645.82	Decision no. 318/2009 of Bacau County Court of Law allowed SNGN ROMGAZ SA's request to initiate insolvency proceedings. Currently, specific insolvency proceedings acts are performed. A hearing is set for the continuation of procedure.	February 07, 2019
2	513/87/2012 - Teleorman County Court of Law	insolvency proceedings	Romgaz - creditor	SC Termaserv SRL Alexandria - debtor	7,200,862.02	Receivables: RON 7,200,862.08 (on December 31, 2011 - equivalent value of delivered gas, penalties, interest). Specific insolvency procedures are performed. A hearing is set for the continuation of procedure.	January 23, 2019
3	2177/99/2012 - Iasi County Court of Law	insolvency proceedings	Romgaz - creditor	SC CET Iasi SA - debtor	46,270,752.91	Receivables: RON 46,270,752.91 (equivalent value of delivered gas, late payment penalties, interest, court fees). Civil court resolution no. 697/April 17, 2012 issued by Iasi County Court of Law established the initiation of the general insolvency procedure for the debtor, allowed the lodgement of claim as formulated by Romgaz, the insolvency procedure is continued	March 12, 2019
4	1318/87/2013 - Teleorman County Court of Law	insolvency proceedings	Romgaz - creditor	SC Termaconfort SRL Rosiorii de Vede - debtor	1,888,200.99	Receivables: RON 1,888,200.99 (delivered gas price, late payment penalties, interest/penalties calculated according to Payment Schedule Agreement, fees related to enforcement procedure).	January 23, 2019
5	10917/107/2010/a2 - Alba County Court of Law	insolvency proceedings	Romgaz - creditor	SC GHCL UPSOM ROMANIA SA- debtor	68,573,109.11	On November 29, 2010, SNGN ROMGAZ SA filed against SC GHCL UPSOM ROMANIA SA an application to initiate insolvency proceedings. (File no. 10917/107/2010). SNGN ROMGAZ SA requested the acceptance of certain, liquid and due receivables in amount of RON 60,841,881.14 (representing the equivalent value of natural gas, penalties calculated according to Payment Schedule Agreement no. 100/May 5, 2009, late payment penalties calculated until February 28, 2011, equivalent value of assignment of receivables according to Assignment of Receivables Contract no. 1/June 2, 2009). Against decision no. 351/F/May 18, 2011, the debtor filed recourse. Alba Court of Appeal Law allowed the recourse, ruled the cassation of the decision and sent the case for retrial at Alba County Court of Law.	January 14, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
6	9526/3/2016 Bucharest County Court of Law	insolvency proceedings	Romgaz - creditor	SC PEET Termoelectrica SA Bucuresti - debtor	42,665,005.29	Allows the request of SC PEET TERMOELECTRICA S.A. Bucuresti to initiate bankruptcy procedures in simplified form. Allows Romgaz lodgement of claims in amount of RON 42,665,005.29. Bankruptcy procedure continues. Hearings are set in this respect.	February 26, 2019
7	8028/95/2013 - Gorj County Court of Law	insolvency proceedings	Romgaz - creditor	S.C. Grup de Comert si Investitii SRL (by the official receiver- Divizia de Reorganizare Judiciara si Executare Creante IPURL) - debtor	454,506.95	On October 24, 2013, Gorj County Court of Law allowed the request of the debtor S.C.Grup de Comert si Investitii SRL requesting the initiation of insolvency proceedings in order to reorganize its activity. Acts specific to the insolvency procedure are performed. Hearing is set for the continuation of proceedings. On September 29, 2018 BPI 18169 published the Creditors' Minutes of Meeting approving the closing of insolvency procedure and the continuation of activity in compliance with the reorganization plan.	
8	6991/236/2009 - Giurgiu Court of Law	Claims (RON 45,973.26 representing late payment penalty calculated in accordance with the Gas Sales Contract no. 14/2008)	S.C. Uzina Termoelectrica Giurgiu - defendant	Romgaz - plaintiff	45,973.26	Amount of claims: RON 45,973.26 - late payment penalties calculated according to Natural Gas Sale Contract No.14/2008. Recourse. Recourse dismissed by Giurgiu County Court of Law.	Finalized, enforcement of judgement, the receivables is partially recovered, amount to recover: RON 5.746.67
9	598/57/2011 - Sibiu County Court of Law	Bring the action before administrative appeal	Romgaz - plaintiff	Court of Accounts of Romania - defendant	102,357,059	SNGN ROMGAZ SA brought the action before administrative court requesting the annulment of decisions issued by the Romanian Court of Accounts – Sibiu Chamber of Accounts, namely: Note no.3/2011; Decision No.10/24.01.2011;Finding report registered at SNGN Romgaz SA under no. 2033/10.12.2010. According to Ruling no. 950/2016 the action was denied. Recourse was filed. On January 10, 2018 the court allowed the recourses filed by the plaintiffs SNGN Romgaz S.A. and by the defendants CAMERON INTERNATIONAL CORPORATION, SC INSPET SA PLOIEŞTI, SC INDUSTRIAL TRADING SRL, SC CONDMAG SA, SC PETROSTAR SA against ruling 950/2016 issued by Sibiu County Court of Law. It annuls part of the ruling and retains the file for retrial of findings and of measures no. 4, 5, and 6 of Decision 10/January 24, 2001 issued by Sibiu Court of Accounts. The	January 23, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						remaining part of the Ruling 950/2016 issued by Sibiu County Court of Law is maintained. Dismisses the recourse filed by SNGN Romgaz S.A. against Ruling no. 1421/2017 issued by Sibiu County Court of Law. Final ruling no. 1/2018 dated January 10, 2018. On the trail date set on May 23, 2018, the court allowed technical expertise and accounting expertise. A date was set for filing the expertise reports.	
10	7852/85/2013 -Sibiu County Court of Law	Claims -undue payment	Romgaz - plaintiff	SC APROV SA; SC ROMOIL SA - defendant	20,052,457	In the summons, SNGN ROMGAZ SA requested the court to compel the defendants to a jointly payment of monies.	February 19, 2019
11	8259/62/2013 - Brasov County Court of Law	Claims -undue payment	Romgaz - plaintiff	SC Condmag SA; Cameron International Corporation - defendants	43,059,199	In the summons, SNGN ROMGAZ SA requested the court to compel the defendants to pay jointly the amount of RON 43.059.199, representing an undue payment in connection with labour contract no. 217/2006	stay of trial proceedings
12	8258/62/2013 - Brasov County Court of Law	Claims -undue payment, works contract no.14/2009	Romgaz - plaintiff	SC INSPET SA; SC Condmag SA; SC Petrostar SA; SC Industrial Trading SRL - defendants	15,596,065	In the summons, SNGN ROMGAZ SA requested the court to compel the defendants to a jointly payment of monies.	stay of trial proceedings
13	8260/62/2013 - Brasov County Court of Law	Claims -undue payment	Romgaz - plaintiff	SC Condmag SA - defendant	23,645,128	In the summons, SNGN ROMGAZ SA requested the court to compel the defendants to pay.	stay of trial proceedings
14	19495/3/2013 - Bucharest Court of Law	claims (equivalent value of delivered and unpaid natural gas, according to Gas Sale Contract no. 2/2010)	Romgaz - plaintiff	SC G-ON Eurogaz SRL - defendant	11,920,527.50	Claimed amount: RON 11,920,527.50 (equivalent value of delivered and unpaid natural gas) The last immovable property sale auction (guarantee) was finalized. The proposal is to complete the compulsory enforcement file and to initiate insolvency proceedings.	compulsory enforcement
15	2541/96/2013 - Harghita County Court of Law	insolvency proceedings	Romgaz - creditor	SC MAVEXIM SRL - debtor		On the trial date of June 25, 2013, the court allowed the debtor's request to file for insolvency (in compliance with art. 27 paragraph 5 of law 85/2006). The debtor initiated insolvency procedures. The procedure continues. Goods are assesses. Goods are sold.	January 30, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
16	781/85/2014 Sibiu County Court of Law (Bucuresti Court of Law file no. 28323/3/2014	Claims	Romgaz - plaintiff	SC Electrocentrale SA Bucuresti - defendant	240,280,906	Amount of claim: RON 240,280,906.05. The court allows the summons and issued ruling 2514/May 13, 2015. The defendant files an appeal. The court of appeal allows the appeal filed by SC Electrocentrale Bucuresti S.A. through its Official Receiver KPMG Restructuring SPRL, partly changes the appealed ruling meaning that it partly allows the case and compels the defendant to pay RON 40,511,915.91 as legal interest. Recourse may be filed within 30 days from communication of ruling no. 1176/June 26, 2017. Recourse filed. On June 05, 2018, the High Court of Cassation and Justice stayed the recourses filed by the parties according to Law 85/2014, art. 75, par. 1.	
17	1540/215/2013 - Craiova Court of Law	Claims	Prunoiu Gheorghita - plaintiff	Romgaz - SISGN Ploiesti - defendant	50,000	According to the summons, the plaintiff requests the decommissioning of pipelines allegedly undercrossing the plaintiff's land and to compel the defendant to the payment of the equivalent value for non-use of land affected by such pipelines. The case is under stay of proceedings because the plaintiff did not comply with the court's dispositions. The case is reinstated. A topographical and agricultural expertise was order. Objections were filed and allowed. On November 26, 2018, the sentence is pending. The request was dismissed as unfounded. Right to file a recourse.	
18	1463/108/2012 – Arad Court of Law	Insolvency proceedings	Romgaz – SISGN Ploiesti – creditor	SC Amarad SA – debtor	42,418.48	Upon the debtor's request, prepared in accordance with the provision of Article 27, paragraph 5 of Law 85/2006, insolvency procedures were initiated.	January 25, 2018
19	2375/85/2016 Sibiu County Court of Law	challenge	Romgaz – plaintiff	Romanian Court of Accounts – defendant	Scope of dispute cannot be evaluated in money	Challenge of Decision no. 26/2016 issued by the Romanian Court of Accounts – Sibiu Court of Accounts. Court of first instance. The Court of Accounts found the following irregularities: 1) Romgaz did not allocate to the financial results the value of certain cancellations representing costs with the abandonment of some investment works for some production wells); 2) delivery on the regulated market of an energy quantity higher than the legal obligation (2013-2015); 3) unjustified settlement of flight tickets; 4) illegal payment of legal assistance services; 5) acceptance for payment of incorrectly performed works; 6) unjustified payment for regular overtime pay. Two relating expertizes were approved in connection with accounting and natural gas matters. Ruling no. 527/2018, the court partially allowed the action filed by Romgaz and ordered the partial annulment of the Courts of Account disposition: irregularities 1, and 2 fully, and partially irregularity 6. Right to file recourse within 15 days from the ruling	No deadline established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						communication date. The ruling was communicated. The recourse against the County Court's Ruling was drafted. Both Parties to the trial filed recourse against the ruling: Romgaz against Sibiu County Court of Law Ruling in connection with irregularities 3-5 and partially 6; the Court of Accounts against Sibiu County Court of Law Ruling in connection with irregularities 1-2 and partially 6.	
20	17666/320/2010 – Tg. Mures Court Of Law	claims	SC Network Press Concept SRL Medias (former RODIPET) – defendant	Romgaz - Suc. Tg. Mures – defendant	6,851.25	The defendant failed to meet the contractual obligation to deliver the Romanian Official Journal for Q2 and Q3/2008: 4 subscriptions to Part I, 3 subscriptions to Part I bis and 1 subscription to Part VI, therefore the defendant is obliged to refund RON 6,851.25 (out of which RON 565,70 is VAT). Currently the case is suspended based on Article 36 of Law 85/2006 on Insolvency procedure.	stay of trial proceedings
21	7070/320/2012 –Tg. Mures Court of Law	claims	Barsan Romulus - plaintiff	Romgaz – Suc. Tg. Mures – defendant	88,000	By summons the plaintiff requested the court to compel the payment of the following claims: RON 80,000; RON 30,000; RON 3,000/month; RON 88,000. The cause was postponed to allow the communication of objections to the expertise report The first trial court, Tg. Mures Court of Law, partially allowed the action filed by the plaintiff B.V. (as heir to the deceased B.L.) against the defendant. It compels the defendant to pay the plaintiff the amount of RON 47,460 representing the equivalent value of lack of usage in connection with the 3488sq m piece of land, entitlement number 118206, parcel 12 A 581/1/2 over the past 9 years, calculated until July 3, 2018. It compelled the defendant to pay to the plaintiff starting with July 4, 2018 the amount of RON 5,580/year as equivalent value of lack of usage in connection with the 3488sq m piece of land, entitlement number 118206, parcel 12 A 581/1/2, until the land is brought to its initial usage state and is returned to the plaintiff. Compels the defendant to pay RON 20,728 to the plaintiff as legal expenses: RON 9,793 for stamp duty, RON 945 expert fee for Dirja Marcel, RON 3,040 expert fee for Boca Gligore, RON 6,950 – lawyer's fee. The other claims of the plaintiff were dismissed as unfounded.	Resolution not communicated
22	963/85//2013 –Sibiu County Court of Law	claims	Romgaz – Suc. Tg. Mures – plaintiff	Borda Alexandru – defendant	1,307	The case consists of compelling the defendant to refund the plaintiff RON 1,304 representing the holiday allowance and the holiday remuneration for the period he didn't work and received holiday leave, because after effectuating the holiday leave for the year 2012 (34 days) in March and May 2012, the defendant had a number of 32	enforcement

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						(working days) of unjustified absences, which lead to his disciplinary dismissal. Court allowed the action. The enforcement order was initiated.	
23	186/1371/2007 Mureş Commercial Court of Law	Insolvency procedure	Romgaz – STTM Tg.Mureş – Creditor	SC Poliglot Comimpex SRL - Debtor	6,783.41	As of November 22, 2007, Mures County Court of Law allowed the request for initiating the insolvency procedure against the debtor SC Poliglot Comimpex RL. STTM Tg. Mures is a creditor included in the body of creditors with the amount RON 6,783.41. Deadline established	January 31, 2019
24	2899/62/2015 Brasov County Court of Law	Insolvency procedure	SNGN Romgaz SA –STTM Tg.Mureş – creditor	SC Condmag SA Brasov, debtor, represented by the Official Receiver Rominsolv SPRL Bucuresti	70,467.25	STTM Tg. Mures is creditor, its RON 70,467.25 receivable being included in the final body of creditors. Hearing is allowed for continuation of reorganization plan.	March 19, 2019
25	580/1371/2010 – Mures Commercial Court of Law	claims	Romgaz – Suc. Medias – creditor	SC Globe Trotters SRL – debtor	9,206.21	Value of claims: RON 9,206.21	March 27, 2019
26	12236/320/2012 – Tg. Mures Court of Law		Romgaz – Suc. Medias – plaintiffs	SC Torpi SRL; SC Manadas SRL – defendands	11,575.52	Value of claims: RON 11,575.52	stay of trial proceedings according to Law 86/2006, article 36 until settlement
27	3128/257/2013 – Medias Court of Law	Claims	Romgaz – plaintiff	Asociatia sportiva "Dacia Atel" – defendant	6,247.77	By summons, the court is requested to establish the termination of the Sponsorship Contract no. 178/2011 and, as a consequence, to restore the parties to their initial state by compelling the defendant ASOCIATIA SPORTIVA "DACIA ATEL to pay RON 6,247.77, RON 5,000 as financial support provided under Contract 178/2011.	compulsory enforcement
28	3127/257/2013 – Medias Court of Law	claims	Romgaz – plaintiff	Asociatia transparenta deciziei administrative Medias – defendant	2,926.64	By summons, the court is requested to establish the termination of the Sponsorship Contract no. 8/February 25, 2010 and, as a consequence, to restore the parties to the initial state by obligating the defendant ASOCIATIA "TRANSPARENTA DECIZIEI ADMINISTRATIVE MEDIAS" to pay the amount RON 2,926.64.	compulsory enforcement

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
29	3816/320/2018 Medias Court of Law	Complaint of violation	ROMGAZ-Tg. Mures – petitioner	CNADNR –Cestrin Bucuresti	750	According to the summons, Romgaz STTM requested the annulment of the Record of Findings No R18 0138136/February 20, 2018 issued by Cestrin Bucuresti on grounds that the vehicle allegedly belonging to the undersigned circulated without a valid RO-Vignette, given the fact that the vehicle has been previously disposed of by the undersigned.	
30	30/257/2017- Medias Court of Law	Embezzlement Art. 295 Criminal Code	SNGN ROMGAZ S.A. – STTM Tg. Mures – civil party claiming damages	Tarnu Razvan Cornel- defendant	1,024	Indictment drafted by the Public Prosecutor's Office of Medias Court of Law ordered the trial of the defendant Tarnu Razvan charged with embezzlement as stipulated in Art.295 par.1 Penal Code. Romgaz, is civil party claiming damages in amount of RON 1,024, equivalent value of 200 l of fuel stolen by the defendant from the truck with the license plate SB-08-TTM. Civil ruling no. 85/02.04.2018 sentenced Tarnu Razvan to a 2-year imprisonment for embezzlement and orders the conditional suspension of the execution of sentence. It compels the defendant to pay RON1.024 to the civil party claiming damages. Appeal filed by the defendant and by the civil party claiming damages. Appeal result: Ruling 709/03.10.2018 allows the appeal filed by the defendant against penal ruling 85/April 2, 2018 which is entirely dismissed based on article 396 par. 5Criminal Procedure Code in corroboration with article 16 par. 1, letter b, thesis I, Criminal Procedure Code, and orders the investigation of the defendant under charge of embezzlement. The defendant was retained in custody for a 24-hours period. Based on Article 25, par. 5 Criminal Procedure Code, the court leaves the civil claim unsettled. Rejects the appeal filed by the plaintiff against the penal ruling no. 85/April 2, 2018 of Medias Court of Law on grounds of delayed filing. The partial RON100 lawyer fee of the lawyer appointed by office is to be paid from the Ministry of Justice funds. Based on art. 275/par. 2 Criminal Procedure Code, the civil party claiming damages is obligated to pay RON 200 as legal fees in connection with the appeal. Ruling is final.	Finalized
31	3104/85/2014 - Sibiu County Court of Law	Public procurement related litigation	Romgaz plaintiff	S.C. ICPE Electrocond Tehnologies S.A., Energ Natural Power Limited, S.C. Instaservice S.R.L.: defendants	274.900,60	Romgaz requested the court to compel the defendants to the jointly pay the updated amount of RON 274,900.60 representing the prejudice caused to Romgaz consisting of the equivalent value of electricity generation not generated during December 16, 2013-January 14, 2014 and to the payment of court fees. Accounting expertise was performed. Deadline was set for the expert to reply to objections made in connection with the expertise. Postponement for filing an addendum to	January 23, 2018

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						the expertise report. Deadline is established for examination purposes. Romgaz action is partially allowed. Right to file a recourse. Recourse will be filed within the time limits.	
32	4760/102/2013 - Mures County Court of Law	Criminal court - corruption (Law 78/2000)	Romgaz - Sucursala Medias: injured party	Giurgea Teodor s.a.: defendant		In this case file, Romgaz – Sucursala Medias is injured party as it is creditor to SC Globe Trotters SRL, a company in insolvency. In fact, the prejudice to Romgaz – Sucursala Medias is due to an agreement between the defendants and the directors of SC Globe Trotters SRL for the creation of an unlawful assignment (by making use of fictional documents). Ruling: conviction without guilty plea. Right to appeal within 10 days from the communication. Appeal filed on April 22, 2018.	January 01, 2018
33	2699/251/2014 - Ludus Court of Law	Eviction	Romgaz - SPEE Iernut: plaintiff	SC Marele Alb Prodimpex SRL: defendant		The scope of file is the settlement of the eviction request initiated by the plaintiff due to the fact that the defendant has late rent payments. On May 7, 2015, the court allowed the request. The compulsory enforcement procedure was initiated.	Compulsory enforcement
34	3843/121/2014 – Galati County Court of Law	Insolvency procedure	Romgaz - creditor	Electrocentrale Galati SA - debtor	162,281,861.83	The subject matter of the case file is the settlement of the request filed by the debtor SC Electrocentrale Galati SA, under Law no.85/2006 on insolvency procedure. On June 16, 2014, the Court allowed the application, decided to open the general insolvency procedure against the debtor. SNGN ROMGAZ SA filed an application to acknowledge the outstanding debt in amount of RON 162,281,861.83 (equivalent value of natural gas, penalties and interests). In relation to this amount to be included for Romgaz in the body of creditors, only RON 139,056,681.91 was allowed by the liquidator of assets of SC Electrocentrale Galati SA. Romgaz, as creditor, challenged the preliminary table of receivables. (Currently, the challenges to the preliminary table are on trial) For subsequent procedure – trial date:	January 14, 2019
35	2899/62/15 – Brasov County Court of Law	insolvency	Romgaz	SC Condmag SA	83,225,512.28	Recovery of undue payment found by the Court of Accounts	March 19, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
36	3843/121/2014/a1 Galati County Court of Law	insolvency	Romgaz- creditor	Elcen Galati-debtor	162,281,861.83	Challenge of the nominal table	January 21, 2019
37	509/1371/2015 Mures County Court of Law	insolvency	Romgaz- creditor	Foraj Sonde Ernei-debtor	1,428.98	Trial date. Insolvency procedure is continued.	January 16, 2019
38	2496/102/2015* - Sibiu County Court of Law	claims	Romgaz - SA Suc. Tg. Mures - plaintiff	Kovacs Ladislau - defendant	318,881.96	Alba Iulia Court of Appeal allowed by Ruling 737/03.07.2018 the appeal filed by the plaintiff against civil ruling no. 1316/2017 issued by Sibiu County Court of Law]n case file no. 2469/102/2015 which is partly altered. It partly allows the request filed by the plaintiff against the defendant and consequently it compels the defendant to pay RON 223,613.35 and VAT in amount of RON 53,667.58 representing patrimonial damages. The remainder of the ruling is maintained. It compels the plaintiff to RON 1,950 as court expenses in relation to the court of first trial.	Compulsory enforcement
39	1560/251/2015 Ludus Court of Law	claims	Romgaz SA – SPEE Iernut-plaintiff	Romarcom SRL-defendant	62,972.85	The civil actions for claiming damages filed by Romgaz-SPEE Iernut against SC Romarcom SRL is partially allowed and consequently: - the defendant is obliged to pay the plaintiff RON 16,605.35 as damages; - the defendant is obliged to pay the plaintiff RON 935 representing court fees. - SC Romarcom filed for appeal. Appeal dismissed. Right to recourse.	Compulsory enforcement
40	8029/2/2015 Bucharest Court of Appeal	Challenge of administrative document	Romgaz	ANAF Brasov	22,424,030	Bucharest Court of Appeal partially allows Romgaz action. Ruling is challenged with appeal by both parties. The instance communicated to each party the request for recourse of the other party. Romgaz filed a statement of defence in connection with the recourse requests of the Parties and a reply to the statement of defence filed by ANAF.	April 19, 2019
41	8237/107/2012 Alba County Court of Law	Insolvency	Romgaz - Sucursala Medias-creditor	SC AgroValea Lunga SRL: debtor	986.52	Equivalent value of unpaid invoice.	September 12, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
42	8057/320/2016 - Targu Mures Court of Law	claims	SC Ambient SA: plaintiff	Romgaz - STTM Targu Mures: defendant	130,496.59	The plaintiff requests the payment of RON 130,496.59 representing outstanding payment obligations under the Debt Assumption Contract no. 121/September 21, 2012 concluded with Romgaz-STTM, to which the legal interest is added. Ruling no. 847/2017 dismisses the request. The defendant requests the supplementation of ruling with the order to compel the plaintiff to payment of court expenses already paid by the defendant. Plaintiff filed an appeal. Ruling 137/05.03.2018 allows the dismissal for lack of material competence declining the settlement of case to Mures County Court of Law. Civil ruling no. 801/June 21, 2018, Mures County Court of Law finds a negative competence conflict, orders the suspension of appeal and sends the case file to Tg. Mures Administrative Court for settlement of competency. Sets the settlement competency of the appeal filed by the plaintiff represented by the special administrator Ioan Ciolan and official receiver SIBINSOLV IPURL against civil ruling no. 847/February 17, 2017 issued by Tg. Mures Court of Law in case file no. 8057/320/2016 in favour of the specialized Tg. Mures Court of Law.	Final ruling (disinvestment 459/July 16, 2018
43	8057/320/2016* - Targu Mures County Specialized Court of Law	Claims - appeal	SCATL CONSTRUCTIONS SRL and SC Ambient SA: plaintiff	Romgaz - STTM Targu Mures: defendant and SC Ambient S.A. by Special Administrator, impleader	130,496.59	Ruling 666/October 19, 2018 allows the appeal filed by the appellant A.S.A. against civil ruling no. 847/February 17, 2017 given by the Tg. Mures Court of Law in case file no. 8057/320/2016. It completely changes the appealed ruling and consequently obliges the defendant to pay to the plaintiff RON 130,496.59 as damages representing the due payment instalments of the payment obligation. It compels the defendant to pay to the plaintiff the legal interest relating to the main payment obligation from the due date of each payment instalment until the full repayment of each instalment. The ruling is final.	Final ruling not communicated
44	218/102/2018 Tg Mures County Court of Law	Labour litigation	Romgaz – STTM Tg. Mures – defendant	Dascal Alexandru - plaintiff	269	The appellant filed a civil action requesting the annulment of the sanctioning decision no. 296/December 12, 2017 whereby he was sanctioned with a 5% reduction of the base salary for 2 months due to several disciplinary misconducts specified in the decision. Ruling no. 112/23.10.2018 – partially allows the introductory request of the court. Partially annuls Decision no. 296 of December 12, 2017 relating to the disciplinary sanction of the act contained in summons C i.e. repeated disregard of the parking rules of STTM Targu-Mures. Dismisses the remainder of the action upholding the attacked ruling as legal and based on substantial evidence. It compels the plaintiff to the	Appeal filed by the appellant, term not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						payment of RON 1,000 representing court and lawyer's fees. Right to file an appeal within 10 days.	
45	222/102/2018 Tg Mures County Court of Law	Labour litigation	Romgaz – STTM Tg. Mures – defendant	Dascal Alexandru - plaintiff	775	The civil case filed by the defendant requests the annulment of the disciplinary sanction no. 6/January 11, 2018 whereby the employees was sanctioned with a 5% reduction of the base salary for 3 months due to disciplinary misconduct consisting of exhibiting violent behaviour during work hours. Ruling no. 1270/08.11.2018 – rejects the civil action filed by the defendant against the plaintiff. Right to file an appeal within 10 days.	Ruling not communicat ed
46	4095/102/2017	Labour litigation	Romgaz – STTM Tg. Mures – defendant	Plaintiff – Moldovan Iuliu	4,178	The civil case filed by Romgaz STTM as creditor requests the court to compel a former employee, Mr. Moldovan Iuliu to pay RON 4,178 representing undue wage-related rights in connection with the additional vacation days, payment obligations in connection with the employee's training at the employer's initiative and equivalent value of unreturned safety equipment owed by the debtor due to the termination of the individual labour agreement according to Labour Code article 248, par. 1, letter e – termination of employment due on disciplinary grounds – absence without leave. Ruling no. 1060/October 09, 2018 – partially allows the request filed by the plaintiff against the defendant. It compels the defendant to pay to the plaintiff RON 2,665.71 out of which RON 1,945 representing undue wage-related rights, RON 571.98 representing the equivalent value of safety equipment and RON 148.73 representing training fees. Dismisses the count of compelling the plaintiff to the payment of court fees. Right to file an appeal within 10 days from the communication date.	Ruling not communicat ed
47	1278/102/2016	Labour litigation	Romgaz- STTM Tg. Mures - defendant	Cotoi Ioan-plaintiff	63.811,09	Action in patrimonial liability of the employee for the damage brought to the company found in relation to the company's 2015 inventory of the patrimony administered by the plaintiff. Civil Ruling no. 580/July 03, 2017 – rejects the civil action filed by the plaintiff Romgaz STTM Tg. Mures (against the defendant C.I.S.). Allows the counterclaim filed by the defendant – counter plaintiff C.I.S. against the plaintiff – counter defendant Romgaz STTM Tg. Mures. Compels the defendant – counter plaintiff to make a disposition of release in favour of the defendant – counter plaintiff of the entire amount withheld as guarantee and of the relating interest amounts accumulated in the bank account no. RO29CRDZ002A001810589001 opened with Patria Bank in favour of S.N.G.N. „Romgaz" S.A., the	

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						titleholder of the collateral deposit being C.I.S. Compels the plaintiff – counter defendant to return to the defendant – counter plaintiff RON 29,902. Cancels the payment obligations prepared on December 17, 2015. Compels the plaintiff to pay to the defendant RON 5,000 as court fees. Right to file an appeal within 10 days from the communication date. Request for appeal is to be filed with Mures County Court of Law. Appeal filed by STTM on March 28, 2018. Civil Ruling no. 222/A/June 14, 2018 – allows the plaintiff's appeal, partially changes the ruling to the extent that compels the plaintiff – counter defendant to return to the defendant-counter plaintiff RON 28,572. Maintain the remainder of the appealed ruling. Compels the appellant to pay to the appellee Cotoi Ioan Stefan RON 1,000 as appeal-related court fees.	
48	3183/306/2016 Sibiu Cout of law	Claims	Romgaz - SPEE Iernut : plaintiff	SC Laromet Metal Star-D SRL: defendant	4,000.03	Allows the request. Civil ruling no. 433/2017. Enforcement file no. 783/2017 – SCPEJ Dumitru Marius-Vasile and Stoian Codruta. Unrecovered amount: RON 4,000.03.	Compulsory enforcement
49	847/1285/2014 - Cluj County Specialized Court of Law	Insolvency proceedings	Romgaz - SPEE Iernut - creditor	SC Marele Alb Prodimpex SRL - debtor	64,742	Civil Ruling no. 101/2015, the Specialized Court of Law ruled on initiating the general insolvency proceeding against the debtor SC Marele Alb Prodimpex SRL. The receivables are completely enlisted for insolvency assets. Continuation of insolvency procedure	March 14, 2018
50	1335/251/2016 – Ludus Court of Law	claims	Romgaz - SPEE Iernut: plaintiff	PFA Cormos Daniela: defendant	4,184.00	Allows the request. Civil Ruling no. 1012/2016. With Appeal. Dismisses the appeal. Final ruling. Civil ruling 550/2017. Enforcement file no. 1083/2017 – BEJ Vlas Maria Cristina. Outstanding amount to be recovered: RON 1,350.	Compulsory enforcement
51	698/251/2016 – Ludus Court of Law	Claims, separated from File Case no. 1855/251/2013	PFA Cormos Daniela: plaintiff	Romgaz - SPEE Iernut: defendant; SC Comindal Impex SRL: defendant	150,000	Damages. Civil Ruling no. 1122/2017 - Dismisses the plaintiff's request. Right to file an appeal.	Term not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
52	2899/62/2015 of Brasov County Court of Law	Insolvency proceedings	Romgaz – Sucursala Medias – Creditor	S.A. Condmag S.A. - debtor	RON 9,403.24 + 200 court fees.-	Request to initiate insolvency proceedings. Delays the case file for the continuation of proceedings and settlement of appeal against the ruling to initiate the insolvency proceedings.	March 19, 2019
53	319/1371/2016 – Mures Commercial Court of Law	claims	LEX Guard Security SRL Reghin: plaintiff	Romgaz - Sucursala Targu Mures: defendant	126,483.91	Claims arising in connection with the abusive termination of Security Services Contract. Action dismissed. Court issues ruling no. 94/2016. Appeal may be filed within 30 days. Ruling is not communicated.	Currently not established
54	627/102/2016 – Mures County Court of Law	corruption	Romgaz: injured party and plaintiff claiming damages	Avram Pantelimon, Olaru Ioan Tiberiu, Mincan Emil Valentin, Ştefan Ioan: defendants	146,637.06	Criminal action against corruption.	January 18, 2019
55	681/57/2015	Action for annulment	Romgaz: plaintiff	Consiliul National pentru Combaterea Discriminarii si Sindicatul "Extractie Gaze si Servicii"		The scope of the action is to partially allow Decision no. 371/September 2, 2015 issued by Colegiul Director al CNCD, the use of the wording “signing syndicate” throughout Romgaz Collective Labor Contract 2015-2016 does not constitute a discrimination based on syndicate membership and on access to its facilities; consequently the deletion from Romgaz Collective Labor Contract of the above-indicated wording is not required, the issuance of a fine to Romgaz is not grounded and the publishing of the resolution in a nation-wide paper is not required. Alba Court of Appeal allowed the action. CNCD filed recourse. ICCJ did not set a trial date.	January 17, 2019
56	1284/102/2016 Mures County Court of Law	Labour related litigation	Sturza Ioan: plaintiff	Romgaz	158,272	Discrimination. Stay of proceedings until the final settlement of file 249/57/2016.	Stay of proceedings
57	249/57/2016 Alba Iulia Court of Appeal	Labour related litigation	Romgaz: plaintiff	CNCD and Sturza Ioan: defendants		Alba-Iulia Court of Appeal: annulment of Decision no. 603/December 09, 2015.Recourse will be filed with the Higher Court of Cassation and Justice.	Currently not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
58	1300/102/2016	Labour related litigation	Tegla Nicodim Ciprian: plaintiff	Romgaz: defendant	130,000	Mures County Court of Law: scope of case file is to compel Romgaz to: - review salary-related rights starting with 2013 until now and onwards; - pay salary-related monetary difference starting with June 2013 until the full payment thereof amounting RON 130,000 at the record date of the action, for 36 months; - pay legal interest on salary-related monetary differences starting with June 2013 until the full payment thereof. Accounting expertize shall be performed. Term established for filing the expertize report. Expertise report was filed. Objections were filed in connection with the expertise report. Term was established for providing answers to the objections.	January 22. 2019
59	35304/3/2016 - Bucharest Court of Law	Insolvency	Romgaz: creditor	SC Electrocentrale Bucuresti SA: debitor	569,945,968.48	Insolvency – table of receivables was filed. Challenge was filed. Allows the challenge of debtor DistrigazSud Retele. Appeal may be filed within 7 days from its publication in the Official Journal of Romania. Final table was challenges on April 05, 2018 New case file was separated in connection with settlement of challenge: case file no. 29466/2/2018	February 21, 2018
60	3129/85/2017 - Sibiu County Court of Law	Challenge of termination of employment notice/decision	Iakab Zoltan - plaintiff	ROMGAZ Suc.Medias – defendant		Trial terminated – plaintiff deceased. Settlement in brief: case reinstated and establishes the date of August 21, 2017 to assess the stay of proceedings until the inclusion of the deceased's legal successors according to 412, art. 1 Civil Procedure Code. On June 07, 2018 the court found the request to be obsolete.	Obsolete request
61	207/102/2017 Mures County Court of Law	Monies due	413 employees of SPEE Iernut – plaintiff	Romgaz - defendant		Revision of remuneration rights from February 1, 2014 onwards. Stay of proceedings until de final settlement of case file 249/57/2016	Stay of proceedings
62	4483/320/2017 Mures County Court of Law	Impleader	Romgaz – plaintiff	FGA (Policyholders Guarantee Fund) - defendant		Impleader request separated from case file 11776/320/2016. Rejects the summons filed by the plaintiff against the defendant. Romgaz filed an appeal. Ruling 408/A/2018 Mures County Commercial Court of Law declined its competence in favour of Mures County Court of Law Civil Section. On October 16, 2018 the case file was sent to Mures Court of Appeal for the settlement of the negative competence conflict between Mures County Court of Law - Civil Section and its Specialized Court.	

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
63	2158/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	163,164	Romgaz – garnishee	stay of proceedings resulting from the debtor’s insolvency
64	2157/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	163,164	Romgaz – garnishee	stay of proceedings resulting from the debtor’s insolvency
65	2154/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	163,164	Romgaz – garnishee	stay of proceedings resulting from the debtor’s insolvency
66	2156/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	131,305.83	Romgaz – garnishee	stay of proceedings resulting from the debtor’s insolvency
67	2153/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	163,164	Romgaz – garnishee	stay of proceedings resulting from the debtor’s insolvency
68	2152/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	131,305.83	Romgaz – garnishee	stay of proceedings resulting from the debtor’s insolvency

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
69	2018/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	5,012.08	Romgaz – garnishee	stay of proceedings resulting from the debtor's insolvency
70	21555/257/2015 Medias Court of Law	Validation of garnishment	Drilling Equipment SRL – Creditor	Dafora SA – Debtor	163.164	Romgaz – garnishee	stay of proceedings resulting from the debtor's insolvency
71	2097/257/2015 Medias Court of Law	Validation of garnishment	SC Macro-Tur SRL – Creditor	Dafora SA – Debtor	8,437.98	Romgaz – garnishee	stay of proceedings resulting from the debtor's insolvency
72	2095/257/2015 Medias Court of Law	Validation of garnishment	SC Macro-Tur SRL – Creditor	Dafora SA – Debtor	40,000	Romgaz – garnishee	stay of proceedings resulting from the debtor's insolvency
73	461/1371/2016 – Mures Commercial Court of Law	Insolvency	Romgaz: creditor	SC InstaService SRL: debtor	275,535.60	Insolvency proceeding.	March 27, 2019
74	4270/102/2017 Mures County Court of Law	Labour-related litigation	Negrea Alexandru Stelian - plaintiff	Romgaz STTM - defendant	30,000	The plaintiff filed a civil action to compel Romgaz STTM to the payment of RON 30,000 as civil damages for the moral prejudice and to relating legal interest from the date of filing the action until the actual payment thereof. Ruling: 1504/18.12, 2018 – Dismisses due to lack of grounds the action filed by the plaintiff against the defendant. Right to file an appeal within 10 days from the communication	Ruling not communicated

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
75	696/1371/2016 – Tg. Mures Commercial Court of Law	insolvency	Romgaz- Suc. Tg Mures-creditor	SC Best InstalGas&Water SRL - debtor	317,66	The initial receivables amounted RON 1,214,940.44. Subsequently, the debtor performed also the outstanding works in the contract and the late payment penalties were recovered from the contract performance guarantee. The remaining difference is RON 317.66.	January 31, 2019
76	5978/317/2016 Tg. Carbunesti Court of Law	Claims-damages	Durla Sabina - plaintiff	Romgaz-Suc. Tg. Mures - defendant	Not specified	Compensation for loss of land usage during 2015-2016 to be set by judicial expertise. No expertise reports were filed.	January 23, 2019
77	Criminal Case file 3212/257/2017 – Medias Court of Law	Embezzlement – continuing form and accessory to embezzlement – continuing form (Art. 295 par. 1 Criminal Code with the application of Art. 35 par. 1 Criminal Code art. 48 par. 1 Criminal Code in relation to art. 295 par. 1 Criminal Code	Medias Court of Law Prosecutor's Office – Romgaz SIRCOSS – injured party	Defendants (14) Dan Ioan, Podar Nicolae, Popa Nicolae, Serban Vasile Florin, Moldovan Sorin, Manciu Ioan, Dragomir Vicentiu Catalin, Chis Ciprian , Gyorke Aladar, Morariu Ovidiu Pavel, Biro Mihai, Nicola Lucian, Marinescu Alexandru Mircea, Moldovan Claudiu Liviu		The criminal prosecution represented the scope of case file no. 1278/P/2015 filed with Medias Court of Law Prosecutor's Office – embezzlement. The case was pending before the preliminary chamber. On October 27, 2017 the commencement of trial was ordered. The defendants challenged the trial commencement order and the case was sent to Sibiu County Court of Law for the settlement of challenges. On June 15, 2018 the case file was postponed to September 12, 2018 at 11:00 o'clock for the communication of indictment. A postponement for the communication of indictment was granted. Dismisses the challenges filed by the defendants against the Preliminary Criminal Ruling of the preliminary chamber 392/CC/27.10.2017. The order for the commencement of trial is kept.	Preliminary Criminal Ruling no. 119/28.11.2018 for dismissal of challenges
78	2827/85/2018 Sibiu County Court of Law	Labour-related conflict	Kiss Mihaly Claimant in review proceedings	Romgaz-SIRCOSS – respondent	Equivalent value of 5% of the monthly wage over a 3 months term	The claimant filed an action against the sanction decision. The case is pending before Sibiu County Court of Law, term set for February 7, 2019.	February 7, 2019
79	2826/85/2018 Sibiu County Court of Law	Labour-related conflict	Gartner Wilhem Claimant in review proceedings	Romgaz-SIRCOSS – respondent	Equivalent value of 5% of the monthly wage over a 3 months term	The claimant filed an action against the sanction decision. The case is pending before Sibiu County Court of Law, term set for February 7, 2019.	February 7, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
80	1319/85/2018 Sibiu County Court of Law	Patrimonial liability	Romgaz-SIRCOSS – plaintiff	Bordi Adrian - defendant		According to the summons, the plaintiff requests the court to compel the defendant to the payment of RON 2,869 representing the damages caused to the plaintiff, and of the relating interest until the actual payment date, and of the court fees. Summons dismissed. Appeal was filed against Sibiu County Court Ruling. Case is pending before Alba-Iulia Court of Appeal.	February 19, 2019
81	1318/85/2018 Sibiu County Court of Law	Patrimonial liability	Romgaz-SIRCOSS – plaintiff	Lorincz Levente - defendant	10,170	Claims: recovery of prejudice caused by an embezzlement action carried out the defendant, for which he was trialled and relation to which he concluded and admission of guilt agreement. Summons dismissed. Appeal was filed which is pending before Alba-Iulia Court of Appeal.	Term not established
82	25551/28/2017 Ploiesti Court of Law	Complaint of violation	Romgaz SIRCOSS – claimant in review proceeding	Serviciul Public de Finante Locale - respondent	1,116	As a result of the control of the Public Finance Office in Ploiesti, it drafted a finding report in connection with offence no. 70364/16.11.2017 whereby SIRCOSS was fined with RON 1,116 for irregularities in connection with the fee relating to advertising posting. Further to the Fiscal Inspection Report no. 127967/16.11.2017 is was found that Public Finance Office in Ploiesti must pay to SIRCOSS RON 49,379. On June 29, 2018 the ruling was postponed to July 6, 2018. Subsequent postponement. First instance court dismissed. Appeal filed. Appeal is pending before Prahova County Court of Law.	January 16, 2019
83	928/85/2016 Sibiu County Court of Law	Labor related litigation Challenge of dismissal decision	Dan Ioan - claimant in review proceeding	Romgaz – SIRCOSS - Respondent		On the hearing of September 05, 2016, the Court ordered the stay of proceedings until the final settlement of the file, the ruling of which shall be decisive in the settlement of this case.	Stay of proceedings until the settlement of the criminal case file in relation to the claimant
84	927/85/2016 Sibiu County Court of Law	Labor related litigation Challenge of dismissal decision	Podar Nicolae - claimant in review proceeding	Romgaz – SIRCOSS - Respondent		On the hearing of October 13, 2016, the Court ordered the stay of proceedings until the final settlement of the file, the ruling of which shall be decisive in the settlement of this case.	Stay of proceedings until the settlement of the criminal

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
							case file in relation to the claimant
85	944/85/2016 County Court of Sibiu	Labor related litigation Challenge of dismissal decision	Lorincz Levente - claimant in review proceeding	Romgaz – SIRCOSS - Respondent		On the hearing of September 6, 2016, the Court ordered the stay of proceedings until the final settlement of the file, the ruling of which shall be decisive in the settlement of this case. On March 29, 2018 the case was reinstated, the court invoking by office the exception of obsolesce. On April 17, 2018 allowed the exception. Finds that the challenge filed by the claimant is obsolete. Right to file an appeal within 5 days from the communication of the ruling. Ruling no. 266/2018	Finalized
86	3421/85/2017 Sibiu County Court of Law	Labor related litigation Recovery of undue amounts	ROMGAZ-SIRCOSS – plaintiff	Deac Horatiu Teodor (former employee) - defendant		Recovery of undue amount. Status of litigation: filed in June 06, 2017. Settled on November 16, 2017 by allowing the action and compelling Mr. Deac Horatiu to pay the amount of 2,746 RON. Ruling under appeal. Ruling is final due to lack of appeal. Compulsory enforcement of debtor. Compulsory enforcement proceedings were initiated. The request filed by BJ Demeter Tiberiu Claudiu as petitioner upon request of SIRCOSS was allowed. Value of receivables: RON 2,746 representing undue amounts paid as salary entitlements. The approval also comprises the amounts included in the enforcement documents issued by the Judicial Executor. Authorizes the creditor to enforce the obligations provided in the enforcement document in compliance with the law. Appeal not allowed. Evaluated in the advisory chamber and ruled in public meeting on April 24, 2018. Ruling 2572/2018. Enforcement in progress.	Compulsory Enforcement
87	10073/63/2015* Dolj County Court of Law	Claims	Paunescu Dan S.A. - plaintiff	Transgaz, Romgaz Ploiesti - defendant	EUR60,000	Compensation payment for loss of land usage due to the undercrossing by the ND 300 Clapeta-SDE pipeline. The plaintiff's action was dismissed. The plaintiff filed for appeal.	February 21, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
88	31572/215/2015 Craiova Court of Law	Claims	Dica Viorel - plaintiff	Romgaz Ploiesti - defendant	16,500	Compensation payment for loss of easement right due to the Ghercesti Cluster 7. A topographic and agricultural expertise was ordered. Action dismissed. Compels the plaintiff to the payment of court fees in amount of RON 11,995. Ruling 2744/14.03.2018. The plaintiff filed for appeal on June 28, 2018. On January 9, 2019 one of the members of the panel accepted retraction because he/she ruled in another case file between Romgaz and Dica Viorel. The case will be settled by another panel.	Term not established
89	900/105/2016 Prahova	Claims	Romgaz Ploiesti - plaintiff	Filip Gheorghe - defendant	673	Labor related litigation to recover the amount of 673 RON; equivalent value of undue days of leave. Action allowed	Enforcement request filed
90	11305/215/2017- Craiova Court of Law	Establishment of easement right+claims	Irimescu Simona- plaintiff	Romgaz Suc. Ploiesti- defendant	6,000	The plaintiff requests a right of access to the land where well 211 Ghercesti is located. She also claims that she cannot construct on this privately-owned land because of existing pipelines.	January 21, 2019
91	53/1285/2017- Cluj County Specialized Court of Law	Insolvency	Romgaz – Suc Ploiesti - creditor	SC Energon Power&Gas SRL - debtor	318,135.78	Request for admission of RON 318,135.78 debt. The request filed by the interim official receiver Societate Redresare Lichidare SPRL was allowed and the simplified insolvency of SCE.P. &G. SRL as well as its winding up was ordered.	January 15, 2019
92	28104/281/2016- Ploiesti Court of Law	Specific performance, damages	Fundatia Semper Fidelis Domus Bucuresti - plaintiff	Romgaz – Suc. Ploiesti - defendant	2,000/annum/past 3 years	Request to deviate the gathering pipeline PN 150 Butimanu-Bilciuresti and to demolish constructions erected without construction permit.	February 01, 2019
93	3246/317/2017 Tg. Cărbunești Court of Law	Complaint of violation	SNGN ROMGAZ SA – Suc. Tg. Mures – petitioner	I.T.M. Gorj - respondent	3, 500	Complaint of violation against the Finding Report. Dismisses the complaint. Ruling fought by appeal. On September 11, 2018 the stay of proceedings was ordered until the final settlement of case file 228/95/2018.	January 15, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
94	4199/85/2017 Sibiu County Court of Law	Claims	SC Develtor SRL - plaintiff	SNGN Romgaz SA – defendant	2,920,371.34 plus VAT	SC Develtor SRL requests the court to compel SNGN Romgaz to pay 2,920,371.34 plus VAT representing the equivalent value of additional works carried out by the plaintiff during phases II, III and IV and of equipment used in addition when performing works at well Radeni 1 according to Works Contract no. 11197/29.02.2016. Expertise was carried out. Term is established for expertise assessment and supplementation. The plaintiff's request is dismissed. Right to file an appeal within 10 day from the communication. Final. Court fees were recovered.	Finalized
95	1985/105/2018 Prahova County Court of Law	Establishment of occupational category	Paduraru Ioan - plaintiff	SNGN Romgaz SA - Ploiesti -defendant		The plaintiff considered that he was not categorized in the occupational category proper for the activity he made during the time he was an employee of the company, namely category 1. The court dismisses his request and compelled the defendant to issue a certification of the fact that the plaintiff was categorized in the II-nd occupational category while performing his labour contract with the company. Appeal was filed on October 5, 2018 and the court will set a term.	Not established
96	2279/327/2017 Tulcea Court of Law	claims	SNGN Romgaz SA - plaintiff	Primaria Comunei Crisan- defendant	10,000	Sponsorship contract no. 34667/2015 was terminated and the refund of RON 10,000 was requested. Ruling 702/2018 dismissed Romgaz request. Appeal was filed. On August 22, 2018 the request for appeal was dismissed. Right to file a recourse within 30 days from the communication.	
97	4720/2/2017 Bucuresti Court of Appeal	Cancellation of decision	Romgaz – claimant in review proceedings	FGA - respondent		Romgaz filed a challenge against the FGC Decision no. 6126/2017 whereby it rejected the inclusion of 1,891 as insurance receivables. Ruling 721/2018 the court of first instance dismissed Romgaz challenge. Romgaz to file recourse.	13.10.2020
98	7034/303/2014 Bucharest County Court of Law	Garnishment validation - appeal	Romgaz creditor	SC Interagro SA – debtor SC Energy Cogeneration; Bio Fuel Energy, Fish&Fish Prodcom Inter-Sport Assets, Cotidianul Curentul, Inter Tourism Management, Power	100,615,007.42 according to Civil ruling no.3279/2011 – enforceable	According to Civil Ruling1492/2016, the courts of first instance allowed the garnishment validation request filed by Romgaz against the garnishee. Interagro and the garnishees filed an appeal. The Minute dated November 2, 2016 ordered the stay of appeals on grounds of non-compliance with all obligations established for the respondents. Civil Ruling no. 3024/June 13, 2018, Bucharest County Court of Law allowed the exception of obsolescence in connection with appeal requests and found that the appeal requests are obsolete. Also, it compelled the appellants to pay Romgaz RON 10,375.68 as appeal related court fees. Interagro filed recourse. Romgaz formulated and	January 11, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
				Plant Fagaras, Scorpions Construct, Giurgiu BiomassHet&Power, Interagro Exploration - garnishee		filed a statement of defence in connection with the request for appeal.	
99	6838/303/2014 Bucharest County Court of Law	Garnishment validation - appeal	Romgaz creditor	SC Interagro SA – debtor SC TM Power SA, Asirom Leasing IFN, Cotidianul Curentul, IFN INT, Intercereal – garnishee	100,615,007.42 according to Civil ruling no.3279/2011 – enforceable	According to Civil Ruling 8486/2015, the court of first instance allowed the garnishment validation request filed by Romgaz against the garnishee. Interagro and the garnishees filed an appeal. The Minutes dated September 02, 2016 ordered the stay of proceedings due to the fact that against the debtor insolvency proceedings were initiated according to case file 36095/3/2015. The stay of proceedings is valid at present.	Stay of proceedings
100	34079/303/2015 Sector 6 Bucharest Court of Law	Challenge on enforcement	Interagro - petitioner	Romgaz, Agricolferm SRL, BEJ Cristian Milos – respondent	100,615,007.42 according to Civil ruling no.3279/2011 – enforceable	Challenge on enforcement against the tendering minutes relating to the construction located in Bucharest, sector 6, Apusului Str., no.50 belonging to the debtor included in the enforcement file no. 28/2014 of BEJ Cristian Milos. The request is found obsolete. Right to file a recourse. SC Interagro S.A. filed recourse on December 4, 2017. Recourse is the scope of the case file no. 3059/1/2018	March 19, 2019
101	36095/3/2015 Bucharest County Court of Law	insolvency	Romgaz – creditor Creditors included in the preliminary table of receivables	Interagro - debtor	284,208,986.85	The receivable to be included in the body of creditors is of RON 284,208,986.85 and is included in the table of receivables. The insolvency procedure is in observation phase. At the end of the fist Creditors' Assembly held on May 16, 2016, the Creditors' Committee was appointed and is formed by Pireus Bank, Romgaz, Banca Transilvania, Intercereal and EON Energie. CITR Ilfov subsidiary was confirmed as Official Receiver. Following the settlement of challenges to the preliminary table, the final table is to be drafted and to make a decision regarding the debtor's reorganization or performance of bankruptcy procedures.	February 18, 2019
102	8453/2/2016 Bucharest Court of Appeal	Challenge of administrative document	Romgaz - claimant	ANAF Brasov - respondent	2,980,868	The Court of Appeal dismissed the summons on inadmissibility grounds because of the unlawful statute of limitations to establish fiscal obligations and because of lack of grounds for the remaining part. (Ruling 1836/May 19, 2017). Against this decision, a recourse was filed on May 25, 2017. The memorandum containing grounds for recourse was sent on November 13, 2017. Statements of defence were received. Romgaz provided answers.	November 27, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
103	4271/85/2017 Bucharest Court of Appeal	Tort liability proceedings	Romgaz plaintiff	Piteiu Maria Iuliana, Piteiu Vladimir – defendants	282,630,330.49 (rough estimation)	Tort liability proceedings initiated against the legal successors for maintaining precautionary measures established in the criminal prosecution file no. 146/D/P/2010 in relation to the property of the deceased Marcel Adrian Piteiu	Stay of proceedings
104	5480/85./1/2017 Sibiu County Court of Law	counterclaim	Piteiu Maria Iuliana, Piteiu Vladimir – petitioners	Romgaz – civil party	282,630,330.49 (rough estimation)	Counterclaim to lift precautionary measures (distrain upon property). According to Minutes 12/May 19, 2018, Sibiu County Court of Law dismissed the challenge based on request inadmissibility invoked by Romgaz and DIICOT, the challenge on grounds of late submission of complaint invoked by DIICOT and the challenge based on lack of interest to enforce distrain upon property raised by the petitioner Piteiu Maria Iuliana. The court dismisses the request to lift precautionary measures compelling the petitioner to pay to Romgaz RON 2,500 representing court fees. Against the minutes, the petitioner filed appeal and Romgaz incident appeal. Appeal dismissed by civil ruling 672/June 19, 2018.	Finalized
105	1692/1/2017/a1 High Court of Cassation and Justice	Directions hearings	Romgaz-civil party	NICULAE IOAN VIDEANU ADRIEAN - MIREA MARIN - ALESANDRU DAN-VICTOR - PALASCA VIOREL - APAN IOANA - KRAMER ALPAR - TOTH FRANCISC - STANCU LUCIAN ADRIAN - VEZA MARIUS LEONTE - IONASCU LUCIA - SC INTERAGRO SA - defendants	282,630,330.49 (rough estimation)	- preliminary chamber: finds irregularities in connection with indictment no. 146/D/P/2010 of May 31, 2017 issued by the Prosecutor's Office of the High Court for Cassation and Justice – Direction for the Investigation of Criminal Offences relating to Organized Crime and Terrorism, Central Structure, Fighting Organized Crime Section. Sends the Minutes to the Prosecutor's Office of the High Court for Cassation and Justice – Direction for the Investigation of Criminal Offences relating to Organized Crime and Terrorism, Central Structure, Fighting Organized Crime Section so that the prosecutor can remedy within 5 days from the date of communication the irregularities, according to article 345, par. 3 Criminal Procedure Code and to communicate whether it maintains the application for a summons of the defendants or whether it requests the referral of case for further investigation. Right to challenge once the ruling is communicated according to article 346 Criminal Procedure Code. Ruling on January 22, 2018. By means of the divestiture order of June 07, 2018, the preliminary chamber judge referred the case back to DIICOT. Challenge was filed on June 11, 2018. On December 3, 2018 Romgaz filed a motion of challenge. The grounds for challenge were stated. They are to be included in the case file either on the following term for trial (January 8, 2019) or before (January 7, 2019).	January 8, 2018

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
106	3098/2518/2017 Ludus Court of Law	Complaint of violation	Romgaz-SPEE Iernut - petitioner	ANRE - defendant	4,000 (half of minimum range of fine value)	Complaint of violation against Record of Findings 84958/2017, fine 50 000 art. 93 par (2) point 2, letter a) of Law 123/2012, for "non-transmittal of data as requested namely correctly and completely" On March 22, 2018, the complaint was allowed. The Record of Findings was cancelled. Civil ruling no. 132/March 22, 2018. Appeal filed by ANRE – record date June 4, 2018.	January 28, 2018
107	32542/3/2017 Bucharest County Court of Law	claims	Romgaz - plaintiff	SC C-Gaz &Energy Distributie SRL Bucuresti –defendant	1,109,398.89	Romgaz requests that the defendant is compelled to: - Payment of RON 1,089,351.21 as unpaid price for gas contracted and not taken, as outlined in invoices 40401160/09.05.2017, no. 40401161/10.04.2017 - Payment of RON 20,047.68 as legal interest for the debit calculated until July 31, 2017 and further on the payment of legal interest until the full restitution of the main debit. - Payment of legal expenses. Term was granted for submission of evidence. Allows Romgaz request. Dismisses the counterclaim filed by the defendant. Ruling 2003/June 1, 2018. Appeal may be filed within 30 days from the communication of the ruling.	Ruling not communicated
108	30568/325/2017 Timisoara Court of Law	Claims	Romgaz-SIRCOSS plaintiff	SC ETA AUTOMATIZARI INDUSTRIALE SRL defendant	74,524.7	To compel the defendant to the payment of RON 74,524.7 plus late payment penalties, representing equivalent value of non-compliant GPS. Timisoara Court of Law declined its competence in favour of Timis County Court of Law. Ruling 2980/March 15, 2018. Timis County Court of Law dismisses the request. Partly allows the counterclaim. Compels the plaintiff-counter defendant to the payment of invoices issued during December 14, 2016 and May 31, 2017 and of late payment penalties in relation thereof. The remainder of the counterclaim is dismissed. The plaintiff is compelled to pay RON 4,000 court fees. Right to file an appeal within 10 days from the ruling communication date. Request to be filed with Timis County Court of Law. Ruled on June 06, 2018. Ruling 970/2018.	Not established
109	13745/63/2017 Dolj County Court of Law	Reimbursement of undue payment	Romgaz - plaintiff	SC Foraj Sonde SA Craiova - defendant	10,972 (judicial stamp duty)	Action filed for the reimbursement of undue payments Declines competency in favour of Sibiu Court of Law. No right to recourse/appeal. Ruling 35/2018 Term established for judicial expertise in accounting.	February 11, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
110	5362/317/2017 Tg Carbunesti Court of Law	Action for recovery of possession of real property	Jianu Dumitru - plaintiff	Romgaz Suc. Tg. Mures - defendant	5,000 equivalent value of production not made during 2015-2017+court fees.	Action for recovery of possession of a 410 sq.m piece of land, building of industrial construction, payment of 5,000 equivalent value of production not made during 2015-2017+court fees.	January 30, 2019
111	4279/317/2017 - Tg. Cărbunești Court of Law	Complaint of violation	SNGN ROMGAZ SA – Suc. Tg. Mures – petitioner	Politia Hurezani- respondent	2,000	Settled by appeal. Ruling 1766/November 7, 2018 allowed the respondent's appeal. Changes the appealed ruling. Partly allows the violation of complaint. Replaces the fine with warning.	Finalised
112	4606/102/2017 – Mures County Court of Law	corruption	SNGN ROMGAZ SA– injured party	Banu Sergiu Victor, Matei Gheorghe, Avram Pantelimon - defendants	3,157,979	Criminal action for corruption charges	Not established
113	4573/102/2017- Mures County Court of Law	Labour-related litigation	Dîmbean Alexandru Liviu - plaintiff	SNGN Romgaz SA – Suc.Tg. Mures - defendantt	-	- annulment of selection process for the position Head of Development Office organised by the defendant on October 19, 2017; Annulment of Decision no. 429/30.10.2017 for the establishment of the challenge review committee and of the challenge rejection decision according to Letter 43611/14.12.2017; - compelling the defendant to organise a new selection process in compliance with the legislation in force and to pay court fees. Labour-litigation settled by the court of first trial – Ruling no. 741/June 12, 2018 dismisses the civil action filed by the plaintiff. Ruling was appealed within 10 days from the communication date. Appeal was dismissed according to Decision no. 532/2018.	Finalized
114	228/95/2018 Gorj County Court of Law	Administrative action for the annulment of Record of Control series GJ no. 00042452/22.06.2017.	SNGN ROMGAZ SA – Suc. Tg. Mures – petitioner	I.T.M. Gorj - respondent	-	Settled by the court of first trial. This Record is the basis of the complaint of violation representing case file no. 3246/317/2017 pending before TG. Carbunesti Court of Law. Ruling 834/25.05.2018 dismissed the action. Recourse was filed by the petitioner.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
115	131/102/2018-Mures County Court of Law – Administrative and Fiscal Section	Public procurement	SNGN ROMGAZ SA- SPEE Iernut - plaintiff	SC Lex Guard Security SRL-defendant	5,784.19	Allows the request. Civil Ruling no. 414/13.04.2018. Final. Defendant partially paid the receivables. Compulsory Enforcement file 2390/2018 established at B.E.J. VLAS MARIA CRISTINA. Amount to be recovered: 842.19.	Compulsory enforcement
116	2798/189/2018-Barlad Court of Law	claims	SNGN ROMGAZ SA- SPEE Iernut – plaintiff	SC Colectiv Energy SRL-defendant SC Contrast Studio SRL-defendant	1,606.50	The value of the receivables represent the value of the prejudice caused to the contracting authority during the contract award procedure.	January 31, 2019
117	856/257/2018 Medias Court of Law	complaint of violation	SNGN Romgaz SA – petitioner	ANRE - respondent	200,000 lei	The annulment of Record of Findings no. 13603/20.02.2018 and refund of fine. Complaint dismissed. Appeal files. Appeal dismissed. Payment of RON 566.38 representing court fess.	Finalized
118	856/257/2018/a1 Medias Court of Law	Correction of clerical error	ANRE - petitioner	SNGN Romgaz SA – respondent	163.09	Correction of clerical error – court fees. Adjoined to case file 856/257/2018.	Finalized
119	1192/257/2018 Medias Court of Law	Complaint of violation	SNGN Romgaz SA – petitioner	ANRE - respondent	25,000 lei	Annulment of complaint of violation no.18.819/09.03.2018 and refund of fine value. Romgaz motion dismissed by Ruling 1023/19.06.2018. Not communicated. Appeal filed. Appeal dismissed. Motion to supplement the ruling with court fees.	January 21, 2018
120	1464/86/2015-Suceava County Court of Law	Claims, specific performance	Buliga Oana-plaintiff	Raffles Energy SRL – principal-defendant, Romgaz SA-defendant-intervener following the motion to intervene as party defendant		In the summons, the plaintiff requested that the defendants are compelled to remove the pipeline located on her land or to pay damages until the date of action. From the action date onwards the defendants are required to pay damages in exchange for lack of land use, to conclude a convention and to pay an annual indemnification according to Law 123/2012. Romgaz filed a statement of defence. Expertise was ordered. The term was postponed because there was no expertise report.	January 22, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
121	1174/251/2018 – LUDUS Court of Law	Complaint of violation PVCSC ANAR 0005500/09.05.2018	SNGN ROMGAZ SA – petitioner	Apele Romane - respondent	35,000	Fine - accidental pollution at Iernut on 13.04.2018. Settlement: because of lack of grounds, rejection of complaint against Report of Findings series ANAR no. 0005500/09.05.2018. Right to appeal within 30 days from the communication date. Ruling 521/2018. Filed on November 9, 2018 and registered with Mures County Court of Law. Statement of defence.	March 5, 2019
122	943/251/2018 – LUDUS Court of Law	Complaint of violation PVCSC GNM 04270/17.04.2018	SNGN ROMGAZ SA – petitioner	Garda Nationala de mediu	100,000	Fine - accidental pollution at Iernut on 13.04.2018. Partially allows the complaint. Partial annulment of the Report of Findings no. GNM no. 04270/17.04.2018 meaning the reduction of fine from RON 100.000 to RON 50,000. Right to file an appeal within 30 days from the communication. Civil Ruling 871/2018. Appeal filed on December 20, 2018.	Not established
123	922/251/2018 – LUDUS Court of Law	Complaint of violation PVCSC ANAR 0005527/14.04.2018	SNGN ROMGAZ SA – petitioner	Apele Romane - respondent	40,000	Fine - not informing about the incident – accidental pollution at Iernut 13.04.2018. Dismisses complaint filed by the petitioner against the Report of Findings series ANAR nr.0005527 of the respondent ADMINISTRAŢIA NAŢIONALĂ „APELE ROMÂNE" ADMINISTRAŢIA BAZINALĂ DE APĂ MUREŞ, Right to file an appeal within 30 days from the communication. Civil Ruling 827/ 08.11.2018.	
124	2575/257/2018 – MEDIAS Court of Law	Complaint of violation PVCSC ANRE 42946/06.06.2018	SNGN ROMGAZ SA – petitioner	ANRE- respondent	0	Warning – the submission of documentation for licence update is overdue. Settlement: Decline the ruling of this case file. Allows the motion to dismiss due to lack of territorial competence of Medias Court of Law specified in the statement of defence. Declines in favour of Bucuresti Sector 2 Court of Law. Final Ruling 1358/September 27, 2018.	Not established
125	1322/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Mihai Sandu- defendant	8,107	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
126	1323/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bati Ioan - defendant	4,967	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
127	1324/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bogdan Nicolae- defendant	8,581	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
128	1325/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Negrutiu Mircea Rares- defendant	827	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
129	1326/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Sandu Mircea Valentin- defendant	10,631	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
130	1327/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Alexe Calina- defendant	12,191	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
131	1328/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Voinea Elena- defendant	347	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
132	1329/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Grusea Veronica Rodica - defendant	11,758	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
133	1330/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popa Elena- defendant	6,956	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
134	1331/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Opriscan Mihai Liviu- defendant	1,124	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
135	1332/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Tilicea Rares Ionut - defendant	12,798	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
136	1333/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Negoescu Stefan Cornel- defendant	9,824	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
137	1338/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moldovan Simion- defendant	17,672	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
138	1339/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Sabau Ioan Marius- defendant	17,318	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
139	1340/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Diac Ruben- defendant	19,297	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
140	1341/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moldovan Mircea- defendant	19,420	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
141	1342/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Foidas Ion- defendant	18,864	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
142	1343/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Nedelea Lucica - defendant	17,811	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
143	1344/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Kranics Ervin- defendant	18,963	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
144	1345/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moga Ioan- defendant	16,473	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
145	1346/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popa Liviu Dan- defendant	14,026	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
146	1347/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Nenisanu Marius- defendant	20,973	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
147	1348/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Sardan Cornelia- defendant	19,970	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
148	1349/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Strava Catalin Horea - defendant	18,749	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
149	1350/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Oprisor Gheorghe- defendant	24,560	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
150	1351/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ionescu Laurentiu Lucian- defendant	25,227	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
151	1352/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Burtumac Marin - defendant	13,982	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
152	1353/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ilinca Dan Claudiu - defendant	8,669	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
153	1354/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Suciu Stelian- defendant	11,050	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
154	1355/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Rotar Angela Simona- defendant	12,646	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
155	1356/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Serban Dumitru- defendant	12,742	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
156	1362/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Mares Adrian Alexandru - defendant	24,945	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
157	1363/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stefanescu Adina Camelia- defendant	10,937	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
158	1364/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stoicovici Stefan- defendant	12,512	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
159	1365/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bucur Olga- defendant	12,782	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
160	1366/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Kurtinecz Iosif - defendant	24,578	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
161	1367/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Chisalita Dumitru- defendant	23,935	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
162	1368/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cismaru Marin - defendant	30,939	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
163	1369/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Kovacs Tibor- defendant	21,834	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
164	1370/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stoicovici Ioan - defendant	24,622	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
165	1371/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cristea Nicolae - defendant	23,266	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
166	1372/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stoia Doia - defendant	22,771	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
167	1373/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Zainea Mioara - defendant	22,498	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
168	1374/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Preda Luminita Letitia - defendant	23,355	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
169	1273/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Jude Aristotel Marius - defendant	25,591	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
170	1274/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ionascu Lucia - defendant	46,118	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
171	1275/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moldovan Radu Costica - defendant	26,725	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
172	1276/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dobrescu Dumitru - defendant	45,981	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
173	1277/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Lucaci Emil - defendant	4,858	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
174	1279/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Georgescu Cristian - defendant	20,234	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
175	1278/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Rotar Dumitru Gheorghe - defendant	46,644	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
176	1280/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stefanescu Dan Paul - defendant	44,588	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
178	1281/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pavlovschi Vlad - defendant	1,811	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
178	1282/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Birsan Mircea Lucian - defendant	41,505	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
179	1283/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ciolpan Vasile- defendant	39,665	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
180	1284/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Radu Gheorghe - defendant	30,134	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
181	1285/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bodogae Horea - defendant	40,885	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
182	1284/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Antal Francisc - defendant	38,782	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
183	1287/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Morariu Dan Nicolae - defendant	39,366	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
184	1288/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stancu Lucian - defendant	44,691	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
185	1304/257/2018 MEDIAS Court of Law	Complaint against ANRE Report of Findings	SNGN ROMGAZ SA – petitioner	ANRE – respondent	50,000	On June 20, 2018 the court rejects the complaint of violation filed by Romgaz. Ruling not communicated. Romgaz filed appeal. Appeal dismissed.	Finalized
186	523/85/2018 –SIBIU County Court of Law	establishment of nullity	SNGN ROMGAZ SA – plaintiff	SPRL Mocanu si asociatii - defendants	504,916.61	Establishment of nullity of the legal assistance contract and the refund of RON 504,916.61. Declined competence in favour of Bucharest County Court of Law.	Stay of proceedings
187	8525/180/2018 Bacau Court of Law	Claims	SAVIN MIHAI - plaintiff	SNGN ROMGAZ SA (SUC.MEDIAS) defendant	15,000,000	Damages for a piece of land of 26,000 sq.m. expropriated for the well 4 Batranesti. Sends the cause for arbitrary allocation to a civil section panel. Final Ruling June 19, 2018. Settlement of cause: allows the challenge of material lack of competence of Bacau Court of Law raised by the defendants in the statement of defence. Declines the settlement competence in favour of Bacau County Court of Law- 1st Civil Section. Without the right to appeal. Ruling 5960/2018 17.10.2018	BACAU County Court of Law January 18, 2019
188	1195/85/2018 Sibiu County Court of Law	Administrative proceedings	SNGN ROMGAZ SA (SUC.MEDIAS) plaintiff	Inspectia Muncii Bucuresti - defendant		Not extending the approval to occupy 2nd degree work conditions for Gas Compressor Stations. Registered on 28.06.2018 Settlement: Decline the settlement of the case file Settlement in brief: allows the challenge of material lack of competence of Sibiu County Court of Law specified in the statement of defence. As a result, it declines its competence in settling the case file in favour of Alba-Iulia Court of Appeal – Administrative and Fiscal Section. No right to file appeal/recourse. Ruling: 670/2018 08.10.2018	

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
189	4435/257/2018 Medias Court of Law	tort liability	ZIEGLER FRIEDERICH plaintiff	SNGN ROMGAZ SA-SIRCOSS Medias - defendant	10,000	The defendant filed an action for tort liability to compel the defendant to pay damages representing the equivalent value of repairs required to remove degradation caused to the plaintiff's house by the heavy load traffic performed by the defendant in Axente Sever. A statement of defence was filed.	January 28, 2019
190	2828/85/2018 Sibiu County Court of Law	Labour-related litigation	BARNA GHEORGHE - challanger	SNGN ROMGAZ SA –SIRCOSS Medias respondent	Equivalent value of 5% of the base salary over a 3 month period.	Challenger filed and action against the sanctioning decision. The case file is pending before Sibiu County Court of Law.	February 7, 2019
191	6332/94/2018 – Buftea Court of Law	Obiectul litigiului: - pretenții – restituire redevență și cheltuieli de judecată.	SNGN ROMGAZ SA – Suc. Tg. Mures –plaintiff	U.A.T. Comuna Gruiu și Consiliul Local - Comuna Gruiu -defendant	100,170.47 lei	After concluding in 2014 a concession contract in relation to Lipia 1 well, the Local Council of Gruiu Commune terminated in the same year the contract motivated by the fact that the land does not belong to UAT, meaning that Gruiu Commune cannot be concession provider. Due to the circuit of documents in the branch the relating royalty was paid until 2017 without being due. The court of first instance settled the case file, allowing the claim according to Ruling no. 7396/20.12.2018. Compels the defendant to the payment of RON 100,170.47 as refund of undue payment. Right to file an appeal within 30 days from the communication of the ruling.	Ruling not communicated
192	858/251/2018 Luduș Court of Law	eviction	SNGN ROMGAZ SA- SPEE Iernut - plaintiff	Neacșa Ioan - defendant	-	Action filed for the eviction of the defendant from the apartment located in Iernut (Address M. Eminescu Str., Bl. 25, App. 23, Mureș County) and to compel him to the payment of the equivalent value of the unachieved gain due to lack of usage, in amount of RON 48 as rent applied during the period of time prior to the contract termination, starting with February 01, 2018 until the actual eviction from the apartment and of court fees. The court allows the action. Ruling no. 803/01.11.2018. Right to file an appeal.	Not established
193	Dosar nr. 5906/320/2018 Tg. Mures Court of Law	declaratory action	Aldica Mariana-Camelia, Lumperdean Liliana, Farkas Daniela, Stancu Zaharia, Stancu Eduard-Adrian, Stancu Robert –	SNGN ROMGAZ SA-SPEE Iernut –parata SC Electrocentrale Bucuresti SA-defendant	-	The court is requested to compel the defendants to authorise the deletion of mortgage registered in favour of Electrocentrale Mures Subsidiary in Real Estate Register no. 122172-C1-U9 Tagru-Mures. The court allows the challenge of lack of passive capacity to stand trial in relation to Romgaz raised by the latter. As such, the court dismisses the civil action filed against the defendant. Partly allows the civil action filed by the plaintiffs AMC, LL, FD, SZ, SEA and SR against the defendant and supervised by the legal receiver SQFB and	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
			plaintiff			consequently compels the defendant to delete the mortgage from the Real Estate Register. It compels the defendant to pay to the plaintiffs RON 1,728.68 as court fees. Civil ruling no. 445/12.10.2018. Right to file an appeal.	
194	1885/320/2018 Tg Mures Court of Law	Tort liability	Deji-Nagylaki Orsolya, Nagylaki Ioan-plaintiffs	SNGN ROMGAZ SA-defendant	100,000	The plaintiffs request the court to compel the defendant to the payment of moral and material damages in amount of 100,000 as a result of the death of Nagylaki Akos further to a work accident suffered at SPEE Iernut.	January 15, 2019
195	934/85/2018- Sibiu County Court of Law	Challenge against unilateral decision to amend work contract	Marian Victor Cristian-plaintiff	SNGN Romgaz SA-defendant		In the challenge, the plaintiff requested: - the establishment of nullity of the unilateral decision to amend work contract 3245/March 01, 2007 or of the addendum concluded for this scope. - secondary: the annulment of the unilateral decision to amend work contract 3245/March 01, 2007 or the addendum concluded for this scope - to compel the defendant to the payment of the difference of unpaid wage-related rights from March onwards To compel the defendant to the payment of court fees. Statement of defence was filed. On 05.11.2018, civil ruling 723/2018 dismissed the challenge filed by the plaintiff. Appeal not filed so far.	
196	1424/85/2018 – Sibiu County Court of Law	Challange against sanctioning decision	Marian Victor Cristian - plaintiff	SNGN Romgaz S.A. - defendant		The plaintiff requested: - Establishment of nullity of disciplinary sanctioning decision - Secondary: the annulment of disciplinary sanctioning decision - To compel the defendant to the payment of court fees. Statement of defence was filed. On 25.10.2018, civil ruling 708/2018 allowed the challenge filed by the plaintiff. Appeal filed on 07.12.2018 by Romgaz.	Not established
197	1604/85/2018 – Sibiu County Court of Law	Challange against sanctioning decision	Marian Victor Cristian - plaintiff	SNGN Romgaz S.A. - defendant		The plaintiff requested: - The annulment of the selection procedure and of the relating results. The selection procedure was organised by Romgaz of the position of Head of HR Development Office. Statement of defence was filed. On 21.11.2018, civil ruling 779/2018 dismissed the challenge filed by the plaintiff. Appeal not filed so far.	

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
198	1322/85/2017– Sibiu County Court of Law	Claims	BNI Hentea Domonique – plaintiff	DGRFP Brasov – plaintiff SNGN Romgaz S.A. – impleader	RON 408.000 additional VAT +RON 348,612 interest and accessories	-compel to the payment of RON 408,000 representing additional VAT and of RON 348,612 as interest and accessories. -court of first trial Romgaz filed a statement of defence. On January 7, 2019 the case was postponed for filing an addendum to the expertise report.	January 28, 2019
199	4887/2/2018 Bucharest Court of Appeal	Administrative proceedings	SNGN Romgaz SA – plaintiff	ANRE – defendant		Compliance obligation: to compel ANRE to respond to Romgaz requirements in connection with making information available with respect to how all domestic gas producers complied with ANRE Orders 24/2013 and 161/2014. The court rejected the stay of proceedings motion filed by ANRE	January 22, 2019
200	1596/85/2018 Sibiu County Court of Law	monies due	Metea Virgil Marius -plaintiff	SNGN Romgaz SA – defendant	1,821,749 lei + plus legal interest until the actual date of payment	In the summons, the plaintiff requested the court to compel Romgaz to pay RON 1,821,749 (according the Contract of Mandate) +the legal interest until the actual date of payment. Is amount is formed of RON 380,027 owed according to Board's Resolution no. 23/2017 for the modification of variable subcomponent II for 2015, RON 1,078,470 representing the second variable subcomponent for 2017, RON 363,252 representing the difference from fixed components not updated according to INS, as specified in the Contract of Mandate for the entire mandate term. Romgaz filed a statement of defence. Motion to dismiss for lack of functional competence was allowed. On January 10, 2019, the court allowed documentary evidence.	March 21, 2019
201	2458/257/2018 Medias Court of Law	Complaint of violation	SNGN Romgaz SA – petitioner	ANRE - respondent	7,500	On 13.09.2018 the court allows Romgaz complaint. Changes the fine into a notice of warning and orders the refund of RON 7,500. Right to file an appeal within 30 days from the communication of the ruling. The respondent files appeal. The statement of defence was filed.	Not established
202	2369/257/2018 Medias Court of Law	Complaint of violation	SNGN Romgaz SA petitioner	ANRE - respondent	7,500	The annulment of the complaint of violation or the change of fine into warning notice is requested. On October 3, 2018 the competence was declined in factor of the Bucharest Sector 2 Court of Law.	
203	2051/85/2018 Sibiu County Court of Law	Presiding judge's order	Micu Radu-Constantin - plaintiff	SNGN Romgaz SA – defendant		GSM Resolution no.8/2018 is requested to be annulled. Request dismissed with the right to file an appeal within 5 days from the ruling. Appeal was filed.	January 29, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
204	1974/85/2018 Sibiu County Court of Law	Annulment of GSM Resolution	Micu Radu-Constantin - plaintiff	SNGN Romgaz SA – defendant		Annulment of GSM Resolution no.8/ 2018.	February 13, 2019
205	29466/3/2018 Bucharest County Court of Law	Challenge of ELCEN final list of creditors	SNGN Romgaz SA - challenger	ELCEN Bucuresti - respondent		Case file separated from 35304/3/2016 (subscription to the ELCEN final list of creditors). Civil Ruling no. 6984/26.11.2018 dismissed the challenge. Appeal was filed on 13.12.2018. Appeal case file is not pending before a court.	Not established
206	424/57/2018 - Alba Iulia Court of Appeal	Revision	Kovacs Ladislau – claimant in revision	SNGN Romgaz SA – respondent	279,230.93	Revision of Ruling no. 737/03.07.2018 issued for case file 2496/102/2015 by Alba Iulia Court of Appeal, whereby the court partly allowed Romgaz appeal (requested amount RON 318,881.96) meaning that the defendant is compelled to pay RON 279,230.93 (formed of RON 223,613.5 + 53,667.58 VAT representing patrimonial damages and RON 1,950 court fees). The debt is the scope of a compulsory enforcement file no. 1656/2018. On 10.10.2018 the motion for revision was dismissed. The claimant in revision filed a recourse.	Not established
207	3580/257/2018 al Medias Court of Law	Appeal against enforcement	SNGN ROMGAZ SA SIRCOSS - challenger	ANAF – Directia General a Marilor Contribuabili	2,000	Appeal against enforcement of taxation decision no. 13819/7.8.2018. Appeal against enforcement was allowed.	
208	2041/85/2018 Sibiu County Court of Law	Monies due	Metea Virgil Marius - plaintiff	SNGN Romgaz SA – defendant	81,267.96	The plaintiff requests the court to compel the defendant to pay RON 81,267.96 as damages for the unjust revocation of the Contract of Mandate (member of the BoD). Romgaz filed a statement of defence. On December 10, 2018 the competence was declined in favour of panel "Litigation with professionals" of Sibiu County Court of Law. The first term was not established.	Not established
209	258/2/2018 Alba-Iulia Court of Appeal	Annulment of taxation decision F-AB 54/10.04.2017 emise de DGRFP Braşov – AJFP Alba	SNGN Romgaz SA - plaintiff	DGRFP Braşov – AJFP Alba - defendant		Request to annul the documents issued by DGRFP Brasov – AJFP Alba, namely the Fiscal Inspection Report no. F-AB 49/10.04.2017 and Taxation decision F-AB 54/10.04.2017. Civil Ruling 205 issued on 17.10.2018 dismissed the exception for lack of passive capacity to stand trial of Directia Generala de Solutionare a Contestatiilor din cadrul ANAF. Dismissed the statute of limitation motion relating to fiscal findings for	

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
						2010. Allowed the motion filed by Romgaz against the defendants and annulled the taxation decision no. F-AB 54/10.04.2017 issued by the defendant Directia Generala Regionala a Finantelor Publice Brasov – Administratia Judeteana a Finantelor Publice Alba and Decision no. 54/31.01.2018 issued by Agentia Nationala de Administrare Fiscala – Directia Generala de Solutionare a Contestatiilor. The Ruling is not final. Recourse may be filed within 15 days from the communication.	
210	15852/3/2018 – Bucharest County Court of Law	Obiectul litigiului: contractual liability	SNGN Romgaz SA -plaintiff	OMV PETROM SA, AMROCO ENERGY SRL, RAFFLES ENERGY SRL, STRATUM ENERGY ROMANIA LLC - defendant		Contractual liability of the defendants and payment in favour of Romgaz of the amounts established in the Court of Accounts Report as prejudice to be borne by Romgaz.	Stay of proceedings
211	2095/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cornea Daniel - defendant	7,838	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
212	2088/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Sorescu Eugen - defendant	21,222	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
213	1808/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Arcanu Dan - defendant	3,204	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
214	1801/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Barbu Ionut - defendant	3,289	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
215	1798/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Brandas Mircea - defendant	11,175	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
216	1811/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Butaru Claudia - defendant	6,999	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
217	1793/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Catanescu Florin - defendant	9,184	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
218	1812/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Chivu Tudor - defendant	4,990	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
219	1799/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dragulin Nicolae - defendant	10,784	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
220	1809/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dragulinescu Romeo Adrian - defendant	9,833	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
221	1807/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Enescu Cosmin - defendant	7,882	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
222	1806/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Farcas Florin - defendant	2,688	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
223	1800/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Filip Iulian George - defendant	12,126	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
224	1795/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Galusca Dinu - defendant	9,801	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
225	1888/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Girlicel Victor Cristian - defendant	12,729	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
226	1890/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Glica Andrei - defendant	3,029	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
227	1887/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ionescu Viorica Mariana - defendant	14,878	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
228	1984/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ionita Emil - defendant	7,132	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
229	1804/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Iordache Constantin - defendant	3,891	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
230	1889/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Jipa Bigdan Catalin - defendant	14,304	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
231	1950/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Leca Gheroghe Adrian - defendant	7,838	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
232	1813/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Manda Marin - defendant	13,286	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
233	1897/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Mihai Constantin - defendant	3.676	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
234	1892/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Mihalcea Alexandru - defendant	7,862	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
235	1891/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moise Sanda Madalina - defendant	11,782	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
236	1893/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Muresan Alexandru - defendant	3, 116	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
237	1895/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Negru Petru - defendant	4,212	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
238	1896/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Palade Monica - defendant	10,943	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
239	1949/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Parvu Laurentiu - defendant	12,211	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
240	2086/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Paun Alexandru - defendant	11,782	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
241	2086/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pellarini Marius - defendant	13,679	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
242	2081/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popescu Dumitru - defendant	15,505	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
243	2082/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popescu Ovidiu Dumitru - defendant	16,064	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
244	1796/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Radulescu Ioan - defendant	12,117	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
245	1797/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Rosca Constantin - defendant	4,561	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
246	1802/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Rosu Marin - defendant	11,633	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
247	2084/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Scarlatescu Gheorghe - defendant	9,632	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
248	2083/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Scarlatescu Virgil - defendant	39,086	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
249	1805/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Smarandache Ioana - defendant	11,098	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
250	2087/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Soptea Nicolae - defendant	16,733	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
251	1795/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stanciu Elena - defendant	25,185	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
252	2096/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Susnea Adrian - defendant	11,066	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
253	1803/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Vasile Constantin - defendant	17,558	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
254	2085/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Vecerdea Dan Adrian - defendant	37,428	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
255	1794/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Vizireanu Vasile - defendant	16,628	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
256	2093/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Vrabioru Roxana - defendant	6,797	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
257	1810/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Zehan Ioan - defendant	10,479	Recovery of regular overtime pay. Administrative proceedings. Upon Romgaz request, the stay of proceedings was ordered until the final settlement of case file no. 2375/85/2016.	Stay of proceedings
258	10167/320/2018 – Tg. Mureș Court of Law	Claims	S.C. AGROCOM ALBERT S.R.L - plaintiff	S.N.G.N. „ROMGAZ" S.A. MEDIAȘ - defendant	13,581.40	The plaintiff claims damages in amount of RON 13,581.4 representing the equivalent value of discing services supplied by SC C&KING SRL according to agricultural services agreement no. 10/October 10, 2016. While performing the services, the discing unit was damaged after colliding against well-head Bozed 10.	February 12, 2019
259	10010/320/2018 - Tg. Mureș Court of Law	Claims	S.N.G.N. „ROMGAZ" S.A. - Tg.Mureş Branch - plaintiff	Ținteșan Viorica - defendant	7,500	After concluding in 2016 the rental agreement for a 2,500 sq.m of land located in Pusta, Sincai Commune, Mures County for intervention-workover at Sincai 13 well, in 2018 the Branch found that one of the two co-owners of the land was not in fact an owner, meaning that the defendant was not entitled to receiving the rental payment.	February 7, 2019
260	4079/317/2018 Tg. Cărbunești Court of Law	Claims, contractual liability	S.N.G.N. „ROMGAZ" S.A. - Tg.Mureş Branch - plaintiff	PRIMĂRIA U.A.T. STEJARI -defendant	1,814.26	Non-payment of RON 1,814.26 representing the equivalent value of gas and late payment penalties supplied to the multifunctional youth centre, according to the invoices filed in the case file.	Not established
261	1098/102/2018 Mureș County Court of Law	Claims	Cucu Ioana -plaintiff	S.N.G.N. „ROMGAZ" S.A. - Sucursala Tg.Mureş - defendant	Not specified upon filing the action	To compel the branch to conclude a land rental agreement starting with 2016 covering the entire period when land piece T45 A 623/3/1 was used, and the payment of rental fee, claims and court fees. Damages in relation to lack of usage due to the temporary occupation of a 2,580sq.m piece of land from the same parcel.	08.01.2019
262	4572/317/2018 5978/317/2016 Tg. Cărbunești Court of Law	Claims, contractual liability	S.N.G.N. „ROMGAZ" S.A. - Tg.Mureş Branch - plaintiff	PRIMĂRIA U.A.T. STEJARI -defendant	2,454.88	Non-payment of RON 2,454.88 representing the equivalent value of gas, and late payment penalties, supplied to the medical unit, according to the invoices filed in the case file.	Not established
263	10166/320/2018 Tg. Mures Court of Law	Claims	SC Astra Shuttle Logistic Services SRL Pitesti -plaintiff	SNGN Romgaz SA STTM Tg. Mures – defendant	21,362.29	The summons requested to court to compel the defendant to pay RON 21,362.29 representing transportation services supplied to the defendant according to invoice number AG no. 143/31.01.2018 and AG nr. 144/31.01.2018, services invoiced based on subsequent contract no. 151/April 24, 2017. Romgaz STTM filed a statement of defence.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
264	4435/257/2018 Medias Court of Law	Tort liability proceedings	Ziegler Friederich, domiciled in Soala village, no. 149, Axente Sever commune, Sibiu County	SNGN Romgaz SA STTM Tg. Mures and SIRCOSS Medias and Axente Sever Commune represented by the mayor – defendants	10,000	The summons requested the court to compel de defendants to jointly pay RON 10,000 with relating legal interest representing the equivalent value of alleged degradations and repairs made to the real estate owned by the plaintiff located in Axente Sever, topographical number 5588, and land registry number 100463. Romgaz filed a statement of defence.	
265	455/32/2018 Bacau Court of Appeal	Administrative and fiscal proceedings - anullment of adiministrative document	Savin Mihai	SNGN Romgaz SA – defendant		Annulment of Government Decision and of Expropriation Decision	January 11, 2019
266	2602/308/2018 Sighisoara Court of Law	Criminal proceeding Aggravated theft	CSIKI IOAN ADRIAN FODOR ATILA –defendant	SNGN Romgaz SA – Medias Branch – injured party		Burglary	February 6, 2019
267	3903/308/2018 Sighisoara Court of Law		TOPLICEAN NECULAI plaintiff	Romgaz - defendant		Requests the court to compel us to the registration of the real-estate Nades-canton sold to the employee according to sales contract no. 10773/1997	February 5, 2019
268	4435/257/2018 Medias Court of Law	civil liability proceedings	ZIEGLER FRIEDERICH - plaintiff	SIRCOS si STTM - defendants	20,000	STTM heavy load trucks drive to well Soala at high speed damaging the house. The plaintiff requests RON 20,000 damages. Statement of defence no. 20667/19.11.2018 was filed.	28.01.2019
269	6640/285/2018 Radauti Court of Law	Administrative and fiscal proceedings - annulment of complaint of violation	ROMGAZ prin Suc.Medias - petitioner	ANRE respondent	300,000 - fine	Requests the annulment of the complaint of violation – complaint in connection with Law 123/2012 complaint of violation no. 83648/.11.2018 – fine for lack of licences for operating pipelines upstream of 6 objectives in the Comanesti-Todiresti area.	Not established
270	1532/1/2015 – High Court of Cassation and Justice 2303/1/2017 ICCJ - appeal	Bribery offering	SNGN ROMGAZ SA - parte civila	Rudel Obreja s.a. - defendant	410,000	In the case file, Romgaz became civil party for RON 410,000. The request to become civil party was dismissed. Romgaz filed appeal. Romgaz appeal dismissed. Ruling 93/05.06.2018 Recourse for criminal cassation is filed by the defendant Elena Udrea.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
271	2724/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bosca Gheroghe Lucian - defendant	20,532	Recovery of regular overtime pay.	Not established
272	2726/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dinca Ispasian Ioan - defendant	41,832	Recovery of regular overtime pay.	March 5, 2019
273	2720/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Gliga Viorel-defendant	6,693	Recovery of regular overtime pay.	February 07, 2019
274	2725/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Hegbeli Doina Virginia - defendant	16,574	Recovery of regular overtime pay.	March 05, 2019
275	2727/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Jampa Ioan - defendant	12,932	Recovery of regular overtime pay.	February 7, 2019
276	2747/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popa Ioan - defendant	14,980	Recovery of regular overtime pay.	Not established
277	2721/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popescu Andrei Iancu - defendant	15,763	Recovery of regular overtime pay.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
278	2722/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Prisca Aurelian Stefan - defendant	20,233	Recovery of regular overtime pay.	March 05,2019
279	2723/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stoica Lucian - defendant	35.763	Recovery of regular overtime pay.	Not established
280	2796/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cristea Cornel - defendant	11,322	Recovery of regular overtime pay.	February 18, 2019
281	2804/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Antal Victor Tiberiu - defendant	6,516	Recovery of regular overtime pay.	Not established
282	2799/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Catana Elena Aurica - defendant	9,947	Recovery of regular overtime pay.	February 21, 2019
283	2800/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Catana Emil Gabriel - defendant	14,702	Recovery of regular overtime pay.	February 21, 2019
284	2794/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Costea Florin - defendant	16,071	Recovery of regular overtime pay.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
285	2795/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Curca Costel - defendant	18,040	Recovery of regular overtime pay.	February 07, 2019
286	2766/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Diac Rares Codrin - defendant	19,071	Recovery of regular overtime pay.	Not established
287	2764/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Foloba Mircea - defendant	9,358	Recovery of regular overtime pay.	February 18, 2019
288	2805/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Gaiger Daniel - defendant	10,559	Recovery of regular overtime pay.	February 18, 2019
289	2765/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Gyorke Andrei - defendant	10,893	Recovery of regular overtime pay.	February 18, 2019
290	2768/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Kabai Karoly - defendant	14,293	Recovery of regular overtime pay.	February 18, 2019
291	2746/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Melinescu Veronica Angela - defendant	11,310	Recovery of regular overtime pay.	Not established
292	2763/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moise Codruta - defendant	9,506	Recovery of regular overtime pay.	February 18, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
293	2762/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Nicola Adrian-defendant	10,559	Recovery of regular overtime pay.	February 18, 2019
294	2751/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Todoran Florin - defendant	3,002	Recovery of regular overtime pay.	Not established
295	2767/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Totan Constantin - defendant	15,810	Recovery of regular overtime pay.	February 21, 2019
296	2979/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cioban Cristian Augustin - defendant	34,303	Recovery of regular overtime pay.	Not established
297	2974/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ciocan Costel - defendant	8,481	Recovery of regular overtime pay.	Not established
298	2977/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cotoi Ioan Stefan - defendant	3,194	Recovery of regular overtime pay.	Not established
299	2973/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dimbean Gheorghe - defendant	33,126	Recovery of regular overtime pay.	Not established
300	2944/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Frincu Ovidiu - defendant	13,253	Recovery of regular overtime pay.	Not established
301	2942/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Grosu Adrian Doru - defendant	18,456	Recovery of regular overtime pay.	February 7, 2019
302	2940/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Hasegan Dorina - defendant	16,317	Recovery of regular overtime pay.	February 7, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
303	2941/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Huidan Alecu Sorin - defendant	9,365	Recovery of regular overtime pay.	Not established
304	2938/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ilinca Cristian Alexandru - defendant	16,954	Recovery of regular overtime pay.	Not established
305	2923/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Katona Mihai - defendant	10,131	Recovery of regular overtime pay.	Not established
306	2919/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Lechintan Radu Gheorghe - defendant	8,858	Recovery of regular overtime pay.	Not established
307	2920/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Lit Alexandru - defendant	6,611	Recovery of regular overtime pay.	Not established
308	2917/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Lupu Mircea - defendant	20,614	Recovery of regular overtime pay.	February 7, 2019
309	2918/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Maior Lucian Miron - defendant	9,146	Recovery of regular overtime pay.	Not established
310	2817/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Muresan Stefania - defendant	2,875	Recovery of regular overtime pay.	Not established
311	2823/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Muntean Doina - defendant	16,519	Recovery of regular overtime pay.	February 07, 2019
312	2836/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Nasalean Ovidiu - defendant	9,690	Recovery of regular overtime pay.	Not established
313	2881/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ogrean Oliviu - defendant	27,260	Recovery of regular overtime pay.	February 07, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
314	2818/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pirlea Madalina Sorana - defendant	7,289	Recovery of regular overtime pay.	Not established
315	2822/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Porutiu Adriana - defendant	13,448	Recovery of regular overtime pay.	Not established
316	2820/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pszota Marcel - defendant	12,558	Recovery of regular overtime pay.	February 07, 2019
317	2921/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ratiu Dorel Liviu - defendant	4,048	Recovery of regular overtime pay.	February 07, 2019
318	2943/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Rus Dumitru Traian - defendant	6,570	Recovery of regular overtime pay.	February 07, 2019
319	2945/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Scridon Ioan - defendant	30,685	Recovery of regular overtime pay.	February 18, 2019
320	2975/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stefan ioan - defendant	39,488	Recovery of regular overtime pay.	Not established
321	2915/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Abramiuc Teodor - defendant	20,491	Recovery of regular overtime pay.	Not established
322	2913/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Andreica Viorel - defendant	16,380	Recovery of regular overtime pay.	February 07, 2019
323	2916/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bacila Dorian - defendant	18,108	Recovery of regular overtime pay.	Not established
324	2914/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bacila Pavel Lucian - defendant	12,558	Recovery of regular overtime pay.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
325	2858/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Baciu Ioan - defendant	3,610	Recovery of regular overtime pay.	February 21, 2019
326	2856/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Bogorin Lucian - defendant	5,095	Recovery of regular overtime pay.	Not established
327	2880/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Calin Constantin - defendant	3,539	Recovery of regular overtime pay.	Not established
328	2854/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Campean Gheorghe - defendant	6,108	Recovery of regular overtime pay.	Not established
329	2878/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Chelaru Viorel - defendant	5,189	Recovery of regular overtime pay.	Not established
330	2883/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Chiriac Ovidiu Daniel - defendant	13, 204	Recovery of regular overtime pay.	Not established
331	27936/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Cotop Cornel - defendant	7,099	Recovery of regular overtime pay.	Not established
332	2801/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Craciun Crucian - defendant	6,275	Recovery of regular overtime pay.	Not established
333	2798/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dangulea Vichente Alin - defendant	2,773	Recovery of regular overtime pay.	Not established
334	2752/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Dascalescu Andrei - defendant	3,274	Recovery of regular overtime pay.	Not established
335	2737/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	David Gerard Marian - defendant	3,156	Recovery of regular overtime pay.	February 21, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
336	2738/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	DOP Nicolae - defendant	14,815	Recovery of regular overtime pay.	February 18, 2019
337	2750/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Farkas Karol - defendant	3.529	Recovery of regular overtime pay.	Not established
338	2748/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Florea Mircea - defendant	15,852	Recovery of regular overtime pay.	February 18, 2019
339	2749/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Gaban Rodica - defendant	7,948	Recovery of regular overtime pay.	Not established
340	2745/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Gherman Nicolae - defendant	12,950	Recovery of regular overtime pay.	February 7, 2019
341	2708/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ghizasan Cornel - defendant	2,617	Recovery of regular overtime pay.	February 21, 2019
342	2978/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ionascu Titu - defendant	12,220	Recovery of regular overtime pay.	February 7, 2019
343	2700/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Ionescu Virgil - defendant	4,112	Recovery of regular overtime pay.	February 7, 2019
344	2839/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Mancas Mihai - defendant	17,036	Recovery of regular overtime pay.	Not established
345	2821/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Marcu Costel - defendant	6,061	Recovery of regular overtime pay.	February 7, 2019
346	2912/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Marcu Florin - defendant	7,859	Recovery of regular overtime pay.	March 4, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
347	2877/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Marcu Petre - defendant	17,639	Recovery of regular overtime pay.	Not established
348	2922/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Marginean Gheorghe Florin - defendant	16,154	Recovery of regular overtime pay.	Not established
349	2789/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Marginean Ovidiu Mihai - defendant	12,980	Recovery of regular overtime pay.	Not established
350	2797/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Marin Mircea - defendant	12,867	Recovery of regular overtime pay.	Not established
351	2802/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Mate Levente - defendant	2,809	Recovery of regular overtime pay.	February 21, 2019
352	2803/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Matei Ioan - defendant	5,557	Recovery of regular overtime pay.	February 02, 2019
353	2792/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Migea Vasile - defendant	6,557	Recovery of regular overtime pay.	Not established
354	2791/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moldovan Nicolae - defendant	3,618	Recovery of regular overtime pay.	Not established
355	2788/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Moldovan Vasile - defendant	4,051	Recovery of regular overtime pay.	Not established
356	2855/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Oaida Marcel - defendant	4,151	Recovery of regular overtime pay.	Not established
357	2852/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Onit Ioan - defendant	3,752	Recovery of regular overtime pay.	Not established

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
358	2882/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pacurariu Horia - defendant	20,916	Recovery of regular overtime pay.	February 7, 2019
359	2704/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pepene Laurentiu - defendant	4,534	Recovery of regular overtime pay.	Not established
360	2706/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Perjaru Victor - defendant	14,477	Recovery of regular overtime pay.	February 07, 2019
361	2666/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Pop Vasile - defendant	3,709	Recovery of regular overtime pay.	February 21, 2019
362	2707/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Popa Simona - defendant	12,196	Recovery of regular overtime pay.	Not established
363	2701/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Portik Szabo Domokos - defendant	6,096	Recovery of regular overtime pay.	February 21, 2019
364	2672/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Posta Ladislau Adalbert - defendant	13,583	Recovery of regular overtime pay.	Not established
365	2939/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Precup Ovidiu Emil - defendant	3,705	Recovery of regular overtime pay.	Not established
366	2703/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Roman Dumitrescu Argentina - defendant	4,421	Recovery of regular overtime pay.	Not established
367	2702/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Rusu Vasile - defendant	12,872	Recovery of regular overtime pay.	Not established
368	2753/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Scumpu Maria - defendant	5,012	Recovery of regular overtime pay.	February 07, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
369	2705/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Scurtu Constantin - defendant	3,110	Recovery of regular overtime pay.	Not established
370	2838/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stancicu Sorin - defendant	17,238	Recovery of regular overtime pay.	Not established
371	2837/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stanciu Bogdan Gheorghe - defendant	21,106	Recovery of regular overtime pay.	Not established
372	2835/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stanciu Eduard Daniel - defendant	17,346	Recovery of regular overtime pay.	Not established
373	2790/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Stancu Sanda Daniela - defendant	20,683	Recovery of regular overtime pay.	Not established
374	2787/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Sutoiu Florinel - defendant	38,167	Recovery of regular overtime pay.	February 07, 2019
375	2876/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Szabo Csaba - defendant	3,466	Recovery of regular overtime pay.	Not established
376	2873/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Szekely Iosif Tihamer - defendant	2,150	Recovery of regular overtime pay.	February 7, 2019
377	2874/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Tabacar Nistor - defendant	4,126	Recovery of regular overtime pay.	Not established
378	2853/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Tataru Vasile - defendant	4,126	Recovery of regular overtime pay.	March 05, 2019

No.	File No./ Court of Law	Case	Plaintiff	Defendant	Amount (RON)	Description	Next procedural deadline
379	2879/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Trambitas Grigore Dan - defendant	5,256	Recovery of regular overtime pay.	Not established
380	2857/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Tudoran Gheroghe Cristian - defendant	14,177	Recovery of regular overtime pay.	Not established
381	2872/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Tuna Danil - defendant	3,396	Recovery of regular overtime pay.	Not established
382	2859/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Udvari Iosif - defendant	2,878	Recovery of regular overtime pay.	Not established
383	2875/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Velicea Nicolae - defendant	4,548	Recovery of regular overtime pay.	Not established
384	2954/85/2018 – SIBIU County Court of Law	Patrimonial liability	Sindicatul Liber Romgaz Medias – plaintiff	SNGN Romgaz S.A. - defendant		Motion to suspend GSM Resolution no. 8/2018. Motion dismissed. Right to file appeal within 5 days from the communication of the ruling. Appeal was filed.	Not established
385	2778/85/2018 – SIBIU County Court of Law	Patrimonial liability	SNGN ROMGAZ SA – plaintiff creditor	Virgil Marius Metea - defendant	461,380	Undue payment of the variable allowance, the second subcomponent for 2013-2016. The first trial date was not established. In the summons Romgaz raised the challenge of joinder with case file no.1596/85/2018	Not established

S.N.G.N. ROMGAZ S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED BY THE EUROPEAN UNION AND THE ORDER OF THE MINISTRY OF PUBLIC FINANCE 2844/2016

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SNGN ROMGAZ S.A.

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SNGN ROMGAZ S.A (the Group) and its subsidiary (together "the Group") with official head office in Mediaş, Piaţa Constantin I. Motaş. nr. 4, cod 551130, Sibiu county, Romania, identified by sole fiscal registration number RO 14056826, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the acGrouping consolidated financial statements.

Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter
<u>Estimation of gas reserves used in the calculation of depreciation and amortisation</u> The Group's disclosures about estimation of gas reserves are included in Note 2 (sections "Exploration and appraisal assets" and "Use of estimates") to the financial statements.	
Gas reserves are important to our audit because they have a very significant impact on the financial statements, as they are the basis for production estimates used in the Group's cash flow forecasts for impairment testing and they are also the basis for unit of production depreciation and amortization for the core assets in the Upstream segment. The estimation of gas reserves requires the Group's management and engineers to make significant judgement and assumptions.	We assessed the management's estimation process in the determination of gas reserves. Specifically, our work included, but was not limited to, the following procedures: - We performed a detailed understanding of the Group's internal process and related documentation flow and key controls associated with the gas reserves estimation process; - We tested the Group's key controls over the gas reserves review process; - We analysed the certification process for technical and commercial specialists who are responsible for gas reserves estimation; we also assessed the competence, capabilities and objectivity of management specialists; - We tested whether significant increases or reductions in gas reserves were made in the period in which the new information became available and in compliance with the Agentia Nationala de Resurse Minerale ("ANRM") standards; - We compared total reserves determined by the Group's internal

specialists for all fields, resulting in studies approved by the National Agency of Mineral Resources with reserves estimated by the external specialists in their report prepared as at 31 December 2017

- We compared the gas reserves with the assumptions used in the cash flows for the impairment test

We further assessed the adequacy of the Group's disclosures about impairment testing and calculation of depreciation and amortization.

Impairment testing of production assets in the Upstream Gas segment
The Group's disclosures about its impairment testing are included in Note 2 (Judgements, Estimates and Assumptions) and in Note 12 (Property, Plant and Equipment) to the financial statements

Impairment testing is important to our audit because of the carrying value of the Upstream property, plant and equipment of RON 2,392 million as at 31 December 2018.

International Financial Reporting Standards require an entity to assess whether indicators of impairment exist. Management considered that the recent changes brought by new legislation in 2018 which will reduce the profitability of the Group constitute impairment indicators and, consequently, has carried out an impairment test for the production assets in the Upstream Gas segment which resulted in an additional impairment of RON 141.8 million.

The impairment test is significant to our audit because the assessment process is complex, requires significant management judgment and is based on assumptions that are affected by expected future market conditions.

In respect of impairment testing, our work included, but was not limited to, the following procedures:

- We analysed and evaluated the management's assessment of the existence of impairment indicators in particular relating to recent changes in legislation;
- We reviewed the allocation of the carrying value of common infrastructure and corporate assets to each CGU (field);
- We evaluated the management's assessment of the recoverability of the carrying value of property, plant and equipment of the cash generating unit for which triggering events were identified;
- We tested the reasonability of future yearly production volumes per field based on actual production in 2018 and 2017;
- On a sample basis, we compared the remaining reserves per field in the impairment test as of 31 December 2018 with the latest ANRM approved reserve reports;

- We compared the main assumptions used in the impairment test (gas prices, operating costs, production volumes, gas reserves and discount rate) with the current forecasts approved as part of the Group's mid-term planning process;
- We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance in prior years;
- We used our internal valuation specialists to assist us in evaluating the key assumptions and methodologies used by the Group for the impairment testing of upstream productions assets (checked the mathematical accuracy of model, its conformity with the requirements of the International Financial Reporting Standards and discount rates used)

We also assessed the adequacy of the Group's disclosures in the financial statements.

Estimation of decommissioning and restoration provisions
The Group's disclosures about decommissioning, restoration and environmental obligations are included in Note 2 (Judgements, Estimates and Assumptions) and Note 19 (Provisions) to the financial statements.

The Group's core activities regularly lead to obligations related to dismantling and removal of equipment and installations, asset retirement and soil remediation activities.

The decommissioning and restoration provision is important to our audit because of its magnitude (carrying value of RON 530.5 million at 31 December 2018) and because management makes estimates and judgments in determining the respective provisions.

The key estimates and assumptions relate to the envisaged future dismantling costs, forecasted inflation rates and discount rates to determine the present value of the obligations.

Our work in respect of management's estimation of decommissioning and restoration provisions included, but was not limited to, the following procedures:

- We performed a detailed understanding of the Group's internal provision estimation process and the related documentation flow and assessed the design and implementation of the controls within the process;
- We compared the current estimates of decommissioning, restoration and environmental costs with the actual costs incurred in previous periods
- We reviewed the timing of works to be performed for surface and subsurface decommissioning for wells;

- We inspected supporting evidence for any material revisions in cost estimates during the year;
- We involved our valuation specialists to assist us in performing industry bench marking and analysis over discount rates and inflation rates;
- We tested the mathematical accuracy of management's decommissioning and restoration provision calculations;

We also assessed the adequacy of the Group's disclosures in the financial statements relating to decommissioning and restoration obligations.

Other matters

The financial statements of the Group for the year ended 31 December 2017 were audited by another auditor, who expressed an unmodified opinion dated 22 March 2018.

Other information

The other information comprises the Annual Report (which includes the Directors' Consolidated Report, the Report on Payments to Governments for mining activities and the Corporate Governance Statement), but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the consolidated financial statements and Our Auditors' Report Thereon

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

a) in the Directors' Consolidated Report we have not identified information which is not consistent, in all material respects, with the information presented in the acGrouping consolidated financial statements as at December 31, 2018;

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b) the Directors' Consolidated Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 - 19 and 26-28;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the consolidated financial statements as at December 31, 2018, we have not identified information included in the Directors' Consolidated Report that contains a material misstatement of fact.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 06 December 2018 to audit the consolidated financial statements for the financial year end December 31, 2018. Total uninterrupted engagement period, for the statutory auditor, has lasted for one year covering the financial year ended December 31, 2018.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Group, which we issued on 20 March 2019.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.

In addition to statutory audit services and other audit related services, no other services were provided by us to the Group and its controlled undertakings.

On behalf of

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

Registered in the electronic Public Register under No. 77

Ernst & Young Assurance Services S.R.L.
25. MAR. 2019
Signed for identification
Semnat pentru identificare

Name of the Auditor/ Partner: Alexandru Lupea
Registered in the electronic Public Register under No. 273

Bucharest, Romania
25 March 2019

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Year ended December 31, 2018	Year ended December 31, 2017 (restated) *)
		'000 RON	'000 RON
Revenue	3	5,004,197	4,585,186
Cost of commodities sold	5	(245,020)	(61,095)
Investment income	4	53,279	22,350
Other gains and losses	6	(102,989)	(122,068)
Impairment losses on trade receivables	16	(19,941)	-
Changes in inventory of finished goods and work in progress		(32,180)	(186,651)
Raw materials and consumables used	5	(75,460)	(64,329)
Depreciation, amortization and impairment expenses	7	(708,142)	(552,446)
Employee benefit expense	8	(621,330)	(562,894)
Finance cost	9	(29,724)	(18,791)
Exploration expense	13	(247,123)	(183,121)
Share of profit of associates	25	622	1,375
Other expenses	10	(1,409,447)	(1,101,933)
Other income	3	18,442	364,169
Profit before tax		**1,585,184**	**2,119,752**
Income tax expense	11	(219,016)	(316,118)
Profit for the year		**1,366,168**	**1,803,634**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on post-employment benefits	19 c)	(17,106)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	2,737	-
Total items that will not be reclassified subsequently to profit or loss		**(14,369)**	-
Other comprehensive income for the year net of income tax		**(14,369)**	-
Total comprehensive income for the year		**1,351,799**	**1,803,634**
Basic and diluted earnings per share		0.0035	0.0047

*) see note 32

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF DECEMBER 31, 2018

	Note	December 31, 2018 '000 RON	December 31, 2017 (restated) *) '000 RON	January 1,2017 (restated) *) '000 RON
ASSETS				
Non-current assets				
Property, plant and equipment	12	6,279,748	6,221,699	6,139,435
Other intangible assets	14	4,970	8,629	14,591
Investments in associates	25	23,298	22,676	21,301
Deferred tax asset	11	127,491	69,965	18,053
Other financial assets	26	9,812	69,678	69,657
Total non-current assets		**6,445,319**	**6,392,647**	**6,263,037**
Current assets				
Inventories	15	245,992	389,515	575,983
Trade and other receivables	16 a)	826,046	816,086	828,609
Contract costs		583	-	-
Other financial assets	29	881,245	2,787,261	2,893,852
Other assets	16 b)	168,878	305,913	141,529
Cash and cash equivalents	28	566,836	227,167	280,547
Total current assets		**2,689,580**	**4,525,942**	**4,720,520**
Total assets		**9,134,899**	**10,918,589**	**10,983,557**
EQUITY AND LIABILITIES				
Equity				
Share capital	17	385,422	385,422	385,422
Reserves	18	1,824,999	2,312,532	3,020,152
Retained earnings		5,458,196	6,277,486	5,986,265
Total equity		**7,668,617**	**8,975,440**	**9,391,839**
Non-current liabilities				
Retirement benefit obligation	19	139,254	119,482	119,986
Deferred revenue	20	21,128	-	-
Provisions	19	510,114	682,041	524,239
Total non-current liabilities		**670,496**	**801,523**	**644,225**

The accompanying notes form an integrant part of these financial statements
This is a free translation of the original Romanian version.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF DECEMBER 31, 2018

	Note	December 31, 2018	December 31, 2017 (restated) *)	January 1,2017 (restated) *)
		'000 RON	'000 RON	'000 RON
Current liabilities				
Trade payables	21	186,702	606,109	569,945
Contract liabilities	21	46,381	-	-
Current tax liabilities		68,001	128,520	60,295
Deferred revenue	20	8,442	970	4,924
Provisions	19	93,645	76,923	50,742
Other liabilities	21	392,615	329,104	261,587
Total current liabilities		**795,786**	**1,141,626**	**947,493**
Total liabilities		**1,466,282**	**1,943,149**	**1,591,718**
Total equity and liabilities		**9,134,899**	**10,918,589**	**10,983,557**

*) see note 32

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share capital	Legal reserve	Other reserves (note 18)	Retained earnings **)	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2018 (before restatement) (note 32)	**385,422**	**77,084**	**2,235,448**	**6,635,380**	**9,333,334**
Effect of voluntary change in accounting policy (note 32)	-	-	-	(415,096)	(415,096)
Effect of correction of accounting errors (note 32)	-	-	-	57,202	57,202
Balance as of January 1, 2018 (restated)	**385,422**	**77,084**	**2,235,448**	**6,277,486**	**8,975,440**
Total comprehensive income for the year	-	-	-	1,366,168	**1,366,168**
Allocation to dividends *)	-	-	(716,886)	(1,923,258)	**(2,640,144)**
Increase in legal reserves	-	403	-	(403)	-
Allocation to other reserves	-	-	185,563	(185,563)	-
Effect of change in accounting policies due to new IFRSs (note 2)			-	(18,478)	**(18,478)**
Increase in reinvested profit reserves	-	-	43,387	(43,387)	-
Other comprehensive income for the year	-	-	-	(14,369)	**(14,369)**
Balance as of December 31, 2018	**385,422**	**77,487**	**1,747,512**	**5,458,196**	**7,668,617**
Balance as of January 1, 2017 (before restatement) (note 32)	**385,422**	**77,084**	**2,943,068**	**6,291,685**	**9,697,259**
Effect of voluntary change in accounting policy (note 32)				(355,024)	(355,024)
Effect of correction of accounting errors (note 32)	-	-	-	49,604	49,604
Balance as of January 1, 2017 (restated)	**385,422**	**77,084**	**2,943,068**	**5,986,265**	**9,391,839**
Total comprehensive income for the year (not restated) (note 32)	-	-	-	1,856,108	1,856,108
Allocation to dividends *)	-	-	(747,719)	(1,472,314)	(2,220,033)
Allocation to other reserves	-	-	16,309	(16,309)	-
Comprehensive income for the year (Effect of change in accounting policy) (note 32)	-	-	-	(60,072)	(60,072)
Comprehensive income for the year (Effect of correction of accounting errors) (note 32)	-	-	-	7,598	7,598
Increase in reinvested profit reserves	-	-	23,790	(23,790)	-
Balance as of December 31, 2017 (restated)	**385,422**	**77,084**	**2,235,448**	**6,277,486**	**8,975,440**

*) In 2018 the Group's shareholders approved the allocation of dividends of RON 2,640,144 thousand (2017: RON 2,220,033 thousand), dividend per share being RON 6.85 (2017: RON 5.76/share).

**) Retained earnings include the geological quota reserve set up in accordance with the provisions of Government Decision no. 168/1998 on the establishment of the expense quota for the development and modernization of oil and natural gas production, refining, transportation and oil distribution. Following the Group's transition to IFRS, the reserve was no longer set up, the reserve existing as of December 31, 2012 being included in retained earnings. This result is allocated based on the depreciation, respectively write-off of the assets financed using this source, based on decision of General Meeting of Shareholders. As of December 31, 2018 the geological quota reserve is of RON1,503,982 thousand (December 31, 2017: RON 1,781,845 thousand).

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2018

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) *) '000 RON
Cash flows from operating activities		
Net profit	**1,366,168**	**1,803,634**
Adjustments for:		
Income tax expense (note 11)	219,016	316,118
Share of associates' result (note 25)	(622)	(1,375)
Interest expense (note 9)	-	3
Unwinding of decommissioning provision (note 9, note 19)	29,724	18,788
Interest revenue (note 4)	(53,279)	(22,350)
Net loss on disposal of non-current assets (note 6)	62,961	74,401
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 19)	(34,390)	22,978
Change in other provisions (note 19)	30,152	11,389
Net impairment of exploration assets (note 7, note 12, note 13)	(118,809)	(45,100)
Exploration projects written off (note 13)	149,620	135,350
Net impairment of property, plant and equipment and intangibles (note 7, note 12)	235,661	24,489
Depreciation and amortization (note 7)	591,290	573,057
Amortization of contract costs	1,291	-
Impairment of investment in associates (note 6)	-	(12,462)
Impairment of other financial investments (note 6)	-	(21)
Change in investments at fair value through profit and loss (note 6)	40,782	-
Gain/Loss from disposal of investment in associates and other financial investments (note 6)	-	12,308
Net receivable write-offs and movement in allowances for trade receivables and other assets	20,048	38,575
Net movement in write-down allowances for inventory (note 6, note 15)	(2,052)	8,147
Liabilities written off	(58)	(610)
Subsidies income (note 20)	(269)	(150)
	2,537,234	**2,957,169**
Movements in working capital:		
(Increase)/Decrease in inventory	143,114	178,363
(Increase)/Decrease in trade and other receivables	(8,156)	(180,285)
Increase/(Decrease) in trade and other liabilities	(194,681)	105,975
Cash generated from operations	**2,477,511**	**3,061,222**
Interest paid	-	(3)
Income taxes paid	(334,324)	(309,956)
Net cash generated by operating activities	**2,143,187**	**2,751,263**

The accompanying notes form an integrant part of these financial statements
This is a free translation of the original Romanian version

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2018

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) *) '000 RON
Cash flows from investing activities		
Payments to increase the investment in associates	-	(144)
Net collections/(payments) related to other financial assets	1,917,569	104,970
Interest received	49,338	20,909
Proceeds from sale of non-current assets	961	207
Acquisition of non-current assets	(948,588)	(479,797)
Acquisition of exploration assets	(205,371)	(231,496)
Proceeds from disposal of associates	-	298
Net cash used in investing activities	**813,909**	**(585,053)**
Cash flows from financing activities		
Dividends paid	(2,638,535)	(2,220,003)
Subsidies received (note 20)	21,108	413
Net cash used in financing activities	**(2,617,427)**	**(2,219,590)**
Net increase/(decrease) in cash and cash equivalents	**339,669**	**(53,380)**
Cash and cash equivalents at the beginning of the year	**227,167**	**280,547**
Cash and cash equivalents at the end of the year	**566,836**	**227,167**

*) see note 32

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. BACKGROUND AND GENERAL BUSINESS

Information regarding S.N.G.N. Romgaz S.A. Group (the "Group")

The Group is formed of S.N.G.N. Romgaz S.A. ("the Company"/"Romgaz"), as parent company, its fully owned subsidiary S.N.G.N. ROMGAZ S.A. - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L. ("Depogaz") and its associates – S.C. Depomures S.A. (40% of the share capital) and S.C. Agri LNG Project Company S.R.L. (25% of the share capital).

Romgaz is a joint stock company, incorporated in accordance with the Romanian legislation.

The Company's headquarter is in Mediaş, 4 Constantin I. Motaş Square, 551130, Sibiu County.

The Romanian State, through the Ministry of Energy, is the majority shareholder of S.N.G.N. Romgaz S.A together with other legal and physical persons (note 17).

The Group has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensed reserves;
2. operation, production and usage, including trading, of mineral resources;
3. natural gas production for:

- ensuring the storage flow continuity;
- technological consumption;
- delivery in the transportation system.

4. underground storage of natural gas provided by Depogaz starting April 1, 2018 and Depomures;
5. commissioning, interventions, capital repairs for wells equipping the deposits, as well as the natural gas resources extraction wells, for its own activity and for third parties;
6. electricity production and distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements ("financial statements") of the Group have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Ministry of Finance Order 2844/2016 to approve accounting regulations in accordance with IFRS (MOF 2844/2016). For the purposes of the preparation of these financial statements, the functional currency of the Group is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB), however, the differences have no material impact on the Group's financial statements for the periods presented.

In 2018, the Group modified on voluntary basis, the criterion to recognize seismic, geological, geophysical and similar activities as exploration expenses as incurred, rather than exploration assets, in accordance with the successful efforts method. This approach is widely used in the oil and gas business. The management believes that by adopting this method the Group's financial statements are better comparable to those of other companies in the industry.

In addition, the Group modified the computation method for the decommissioning provision by replacing the weighted average cost of capital with the interest rate on long-term treasury bonds as a discount factor. The amendment was intended to align with the practice commonly used in calculating this provision.

In 2018, the Group reconsidered how the depreciation of the gas cushion, recognized as a fixed asset. This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics. As a result of this analysis, the Group concluded that depreciation for these fixed assets should not have been recorded as the residual value is higher than the cost. Therefore, the Group corrected the depreciation retrospectively by restating earlier periods.

The effect of the above is presented in note 32.

Except for the changes and corrections above and the effects of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments", presented below, the same accounting policies and methods of computation are used in these financial statements as compared with the most recent annual financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below.

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei. Unless otherwise stated, the amounts are presented in thousand lei (thousand RON).

These financial statements are prepared for general purposes, for users familiar with the IFRS as adopted by EU; these are not special purpose financial statements. Consequently, these financial statements must not be used as sole source of information by a potential investor or other users interested in a specific transaction.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 "Inventory" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance to the Group of the inputs to the fair value measurement, which are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 inputs are unobservable inputs for the asset or liability.

Basis for consolidation

Subsidiaries

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when Company obtains control over the subsidiary and ceases when it loses control of that subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group assets and liabilities, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation

Associated entities

An associate is a company over which the Company exercises significant influence through participation in decision making on financial and operational policies of the entity invested in. Investments in associates are recorded using the equity method of accounting. By this method, the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Group's share of the investee's net assets. The Group's profit or loss includes its share of the investee's profit or loss and the Group's other comprehensive income includes its share of the investee's other comprehensive income.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint ventures.

Joint operations

The Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

As joint operator, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

If the Group participates in, but does not have joint control of, a joint operation it accounts for its interest in the arrangement in accordance with the paragraphs above if it has rights to the assets, and obligations for the liabilities, relating to the joint operation.

If the Group participates in, but does not have joint control of, a joint operation, does not have rights to the assets, and obligations for the liabilities, relating to that joint operation, it accounts for its interest in the joint operation in accordance with the IFRSs applicable to that interest.

Joint ventures

As a partner in a joint venture, in its financial statements, the Group recognizes its interest in a joint venture as investment, at cost, if it has joint control.

Standards and interpretations valid for the current period

The following standards and amendments or improvements to existing standards issued by the IASB and adopted by the EU have entered into force for the current period:

- Amendments to IAS 40 Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2018);
- Annual Improvements to IFRS Standards 2014–2016 Cycle (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4: Insurance Contracts (effective for annual periods beginning on or after January 1, 2018);
- Clarifications to IFRS 15: Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018);
- IFRS 9: Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 15: Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 (effective for annual periods beginning on or after January 1, 2018);
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after January 1, 2018).

The adoption of these amendments, interpretations or improvements to existing standards has not led to changes in the Group's accounting policies, except for IFRS 15 and IFRS 9. The impact of these standards over the Group's financial statements are outlined below.

The impact of adopting IFRS 15: Revenue from Contracts with Customers

Beginning with 2018 the Group applies IFRS 15 for the recognition of revenue from contracts with customers. The Group elected to apply the standard retrospectively, with the cumulative effect of initial application recognized at the application date as an adjustment to the opening balance of retained earnings. Under this method, previous periods are not restated. The cumulative effect of the initial application of IFRS 15 was recognized as an adjustment to the opening balance of retained earnings for contracts that were not finalized at the date of initial application, i.e. January 1, 2018.

The adoption of the new standard did not generate any changes in the timing and how revenue is recognized, but generated reclassification of various elements of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The Group adopted the practical expedient allowed by IFRS 15 not to adjust the amount of promised value for the effects of a significant funding component given that at contract inception, the Group expects that the period the Group transfers a promised good or service to a client and the time the customer pays for that good or service does not exceed one year.

The cumulative effect of the retrospective restatement of IFRS 15 is presented below:

Statement of consolidated comprehensive income:

	Year ended December 31, 2018 (before IFRS 15)	Effect of applying IFRS 15 at December 31, 2018	Year ended December 31, 2018 (after IFRS 15)
	'000 RON	'000 RON	'000 RON
Revenue *)	4,842,606	161,591	5,004,197
Other gains and losses	(122,930)	19,941	(102,989)
Impairment losses on trade receivables	-	(19,941)	(19,941)
Other expenses **)	(1,409,425)	(22)	(1,409,447)
Other income *)	180,033	(161,591)	18,442
Profit before tax	1,585,206	(22)	1,585,184

*) Due to the application of IFRS 15, the Group has reconsidered the income obtained by invoicing services provided by third party suppliers, included in the selling price of the goods delivered. Thus, starting 2018, income previously recorded as "Other income" is presented as revenue.

**) According to the new standard, the costs of obtaining contracts are recognized as current assets, to be amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates; previously, these were recognized directly in the period's result.

Statement of consolidated financial position:

	December 31, 2018 (before IFRS 15)	The effect of applying IFRS 15 at December 31, 2018	December 31, 2018 (after IFRS 15)
	'000 RON	'000 RON	'000 RON
Current assets			
Trade and other receivables *)	1,032,075	(206,029)	826,046
Contract costs **)	-	583	583
Equity			
Retained earnings	5,457,613	583	5,458,196
Current liabilities			
Trade payables *)	439,112	(252,410)	186,702
Contract liabilities *)	-	46,381	46,381

*) Contract liabilities are amounts received from customers, in accordance with the contract provisions, for goods and services to be delivered or rendered in the following period. These amounts will be recognized as revenue when those goods or services are delivered. Advances received up to the end of the reporting period relating to deliveries during the period, not offset, have been reclassified to contract assets; previously, contract liabilities were presented as trade payables.

**) According to the new standard, the costs of obtaining contracts are recognized as current assets, to be amortized on a systematic basis that is consistent with the transfer to the customer of goods and services to which the asset relates; previously, these were recognized directly in the period's result.

The impact of adopting IFRS 9 Financial Instruments

Starting with 2018, the Group applies IFRS 9. According to this Standard, after initial recognition, financial assets are recognized at amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on the business model of the Group, financial liabilities are recognized at amortized cost.

At the time of transition, the Group analyzed the financial assets held in terms of its business model and the contractual cash flows. As a result, financial investments previously recognized at cost less accumulated impairment losses are measured at fair value through profit or loss from January 1, 2018. The differences between the previous carrying amount and the fair value determined in accordance with IFRS 9 were recognized in the opening retained earnings, without restating previous financial statements. Except for this, no other significant differences between previous standards and IFRS 9 were identified.

	Financial assets measured at cost at December 31, 2017	Differences recorded in opening retained earnings	Financial assets measured at fair value through profit or loss at December 31, 2017
	'000 RON	'000 RON	'000 RON
Total	69,678	(19,083)	50,595

Standards and interpretations issued by IASB and adopted by the EU, but not yet effective

At the date of issue of the financial statements, the following standards were adopted by the EU, but not yet effective:

- IFRS 16 Leases (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective for annual periods beginning on or after January 1, 2019);
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2019).

The Group did not adopt these standards and amendments before their effective dates. The Group will implement the above standards and amendments in the financial statements for the year 2019 and is currently evaluating their impact.

Standards and interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the IASB except from the following standards, amendments or improvements to the existing standards and interpretations, which were not endorsed for use in EU as at date of publication of financial statements:

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after January 1, 2021);
- Annual Improvements to IFRS Standards 2015–2017 Cycle (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IAS 19: Plan amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after January 1, 2020);
- Amendment to IFRS 3 Business Combination (effective for annual periods beginning on or after January 1, 2020);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective for annual periods beginning on or after January 1, 2020).

The Group is currently evaluating the effect that the adoption of these standards, amendments or improvements to the existing standards and interpretations will have on the financial statements of the Group in the period of initial application.

Segment information

The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the upstream segment, gas storage, electricity production and distribution, and others, including headquarter activities. The Directors of the Group have chosen to organize the Group around differences in activities performed.

Specifically, the Group is organized in the following segments:

- upstream, which includes exploration activities, natural gas production and trade of gas extracted by Romgaz or acquired from domestic production or import, for resale; these activities are performed by Medias, Mures and Bratislava branches;
- storage activities, performed by Depogaz;
- electricity production and distribution activities, performed by Iernut branch;
- other activities, such as technological transport, operations on wells and corporate activities.

Transactions between the companies within the Group are at current market prices. Unrealized profits are eliminated in the financial statements.

Transactions between Groups segments within the same company are at cost.

Revenue recognition

a) Revenue from contracts with customers

The Group recognizes customer contracts when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party's rights regarding the goods or services to be transferred;
- the Group can identify the payment terms;
- the contract has commercial substance;
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods delivered or the services provided.

Revenue from contracts with customers is recognized when, or as the Group transfers the goods or services to the customer, respectively, the client obtains control over them.

Depending on the nature of the goods or services, revenues are recognized over time or at a point in time.

Revenue is recognized over time if:

- the customer receives and consumes simultaneously the benefits provided by obtaining the goods and services as the Group performs the obligation;
- the Group creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the Group's performance does not create an asset with an alternative use to the Group.

All other revenues that do not meet the above criteria are recognized at a point in time.

For revenue to be recognized over time, the Group assesses progress towards meeting the execution obligation, using output methods or input methods, depending on the nature of the good or service transferred to the client. Revenues are recognized only if the Group can reasonably assess the result of the execution obligation or, if it can not be estimated, only at the level of the costs it is expected to recover from the customer.

Revenue from contracts with customers mainly relates to gas sales, electricity supply and related services, storage services. Revenue from these contracts are recognized at a point in time on the basis of the actual quantities at the prices fixed in the contracts concluded or at the rates set by the regulatory authority, as the case may be.

Contracts concluded by the Group do not contain significant financing components.

b) Other revenue

Rental revenue is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognized periodically and proportionally as the respective income is generated, on accrual basis.

Dividends are recognized as income when the legal right to receive them is established.

Exploration expenses

The costs of seismic exploration, geological, geophysical and other similar exploration activities are recognized as a result of the period as they occur.

Expenditure on exploration also includes the cost of exploration assets that have not identified gas resources.

Costs of obtaining contracts with customers

Assets relating to customer contracts represent the Group's right to a consideration in exchange for goods or services transferred to a client other than receivables. These assets are tested for impairment at each reporting date. Impairment is recognized as an expense in the statement of comprehensive income.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the Group operates and is the currency in which the Group primarily generates and expends cash. The Group operates in Romania and it has the Romanian Leu (RON) as its functional currency.

In preparing the financial statements of the Group, transactions in currencies other than the functional currency (foreign currencies) are recorded at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences are recognized in the statement of comprehensive income in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Employee benefits

Benefits granted upon retirement

In the normal course of business, the Group makes payments to the Romanian State on behalf of its employees at legal rates. All employees of the Group are members of the Romanian State pension plan. These costs are recognized in the statement of comprehensive income together with the related salary costs.

Based on the Collective Labor Agreement, the Group is liable to pay to its employees at retirement a number of gross salaries, according to the years worked in the gas industry/electrical industry, work conditions etc. To this purpose, the Group recorded a provision for benefits upon retirement. This provision is updated annually and computed according to actuary methods based on estimates of the average salary, the average number of salaries payable upon retirement, on the estimate of the period when they shall be paid and it is brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities). As the benefits are payed, the provision is reduced together with the reversal of the provision against income.

Gains or actuarial losses, are recognized in other comprehensive income. These are changes in the present value of the defined benefit obligation as a result of statistical adjustments and changes in actuarial assumptions. Any other changes in the provision are recognized in the result of the year.

The Group does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

Employee participation to profit

The Group records in its financial statements a provision related to the fund for employee participation to profit in compliance with legislation in force.

Liabilities related to the fund for employee participation to profit are settled in less than a year and are measured at the amounts estimated to be paid at the time of settlement.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions for decommissioning of wells

Liabilities for decommissioning costs are recognized due to the Group's obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Group recorded a provision for decommissioning wells.

This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using the interest rate on long term treasury bonds. The rate is updated annually.

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognized. The item of property, plant and equipment is subsequently depreciated as part of the asset.

The Group applies IFRIC 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities" related to changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

a. subject to b., changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

b. the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the statement of comprehensive income;

c. if the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt are recognized in the income statement in the period when they occur.

The periodical unwinding of the discount is recognized periodically in the comprehensive income as a finance cost, as it occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of individual comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current tax for the period is recognized as an expense in the statement of individual comprehensive income. Deferred tax for the period is recognized as an expense or income in the statement of individual comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where it arises from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Property, plant and equipment

(1) Cost

(i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(ii) Gas cushion

This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics. The gas cushion is recorded as an item of property, plant and equipment in the Storage segment.

(iii) Development expenditure

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including the commissioning of wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the property, plant and equipment accounting policies.

(iv) Maintenance and repairs

The Group does not recognize within the assets costs the current expenses and the accidental expenses for that asset. These costs are expensed in the period in which they are incurred

The cost for current maintenance are mainly labor costs and consumables and also small inventory items. The purpose of these expenses is usually described as "repairs and maintenance" for property, plant and equipment.

The expenses with major activities, inspections and repairs comprise the replacement of the assets or other asset's parts, the inspection cost and major overhauls. These expenses are capitalized if an asset or part of an asset, which was separately depreciated, is replaced and is probable that they will bring future economic benefits for the Group. If part of a replaced asset was not considered as a separate component and, as a result, was not separately depreciated, the replacement value will be used to estimate the net book value of the asset/(assets) which is/(are) replaced and is/(are) immediately written-off. The inspection costs associated with major overhauls are capitalized and depreciated over the period until next inspection.

The cost for major overhauls for wells are also capitalized and depreciated using the unit of production depreciation method.

All other costs with the current repairs and usual maintenance are recognized directly in expenses.

(2) Depreciation

The depreciable amount of a tangible asset is the cost less the residual value of the asset. The residual value is the estimated value that the Group would currently obtain from the disposal of an asset, after deducting the estimated costs associated with the disposal if the asset would already have the age and condition expected at the end of its useful life.

For directly productive tangible assets (natural gas resources extraction wells), the Group applies the depreciation method based on the unit of production in order to reflect in the statement of comprehensive income, an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method, the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

Assets representing the gas cushion are not depreciated, as the residual value exceeds their cost. In the financial statements of 2018, the Group corrected the previously recognized depreciation for these assets.

For indirectly productive tangible assets and storage assets, depreciation is computed using the straight–line method over the estimated useful life of assets, as follows:

Asset	Years
Specific buildings and constructions	10 - 50
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 – 30

Land is not depreciated as it is considered to have an indefinite useful life.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items of tangible fixed assets that are disposed of are eliminated from the statement of financial position along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the result of the period.

For items of tangible fixed assets that are retired from use, but not yet written off by the reporting date, an impairment adjustment is recorded for the carrying value at the time of retirement.

(3) Impairment

Non-current assets must be recognized at the lower of the carrying amount and recoverable amount. If and only if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to be equal to its recoverable amount. Such a reduction represents an impairment loss that is recognized in the result of the period.

Thus at the end of each reporting period, the Group assesses whether there is any indication of impairment of assets If such indication is identified, the Group tests the assets to determine whether they are impaired.

The Group's assets are allocated to cash-generating units. The cash-generating unit is the smallest identifiable asset group that generates independent cash inflows to a large extent from cash inflows generated by other assets or asset groups. The Group considers each commercial field as a separate cash-generating unit. All gas storages held by the Group are considered as part of a single cash-generating unit, as the regulatory authority sets regulated tariffs by analyzing the storage activity as a whole, not every single deposit.

In 2018, indications of impairment were identified in the Upstream segment; the results of the impairment test are presented in note 12.

No impairment indication was identified in the Storage segment.

Recoverable amount is the largest of the fair value of an asset or a cash-generating unit less costs associated with disposal and its value in use. Considering the nature of the Group's assets, it was not possible to determine the fair value of the cash-generating units, being determined only the value in use of the assets.

Exploration and appraisal assets

(1) Cost

Natural gas exploration, appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

Costs directly associated with an exploration well are initially capitalized as an asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, drilling costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is eliminated from the statement of financial position, by recording an impairment, until National Agency for Mineral Resources (Agentia Nationala pentru Resurse Minerale – ANRM) approvals are obtained in order to be written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, an impairment is recorded for the assets, until the completion of the legal steps necessary for them to be written off. When proved reserves of natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment other than exploration assets.

(2) Impairment

At each reporting date, the Group's management reviews its exploration assets and establishes the necessity for recording in the financial statements of an impairment loss in these situations:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of gas resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of gas resources in the specific area have not led to the discovery of commercially viable quantities of gas resources and the Group has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Other intangible assets

(1) Cost

Licenses for software, patents and other intangible assets are recognized at acquisition cost.

Intangible assets are not revalued.

(2) Amortization

Patents and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years.

Inventories

Inventories are recorded initially at cost of production, or acquisition cost, depending on the case. The cost of finished goods and production in progress includes materials, labour, expense incurred for bringing the finished goods at the location and in the existent form and the related indirect production costs. Write down adjustments are booked against slow moving, damaged and obsolete inventory, when necessary.

At each reporting date, inventories are evaluated at the lower of cost and net realizable value. The net realizable value is estimated based on the selling price less any completion and selling expenses. The cost of inventories is assigned by using the weighted average cost formula.

Financial assets and liabilities

The Group's financial assets include cash and cash equivalents, trade receivables, other receivables, loans, bank deposits and bonds with a maturity from acquisition date of over three months and other investments. Financial liabilities include interest-bearing bank borrowings and overdrafts and trade and other payables. For each item, the accounting policies on recognition and measurement are disclosed in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

Cash and cash equivalents include petty cash, cash in current bank accounts and short-term deposits with a maturity of less than three months from the date of constitution.

The Group recognizes a financial asset or financial liability in the statement of financial position when and only when it becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets are classified at amortized cost or measured at fair value through profit or loss. The classification depends on the Group's business model for managing the financial assets and their contractual cash flows.

The Group does not have financial assets measured at fair value through other comprehensive income.

On initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of assets measured at amortized cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Receivables resulting from contracts with customers represent the unconditional right of the Group to a consideration. The right to a consideration is unconditional if only the passage of time is required before payment of the consideration is due. These are measured at initial recognition at the transaction price.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments plus or minus cumulative depreciation using the effective interest method for each difference between the initial amount and the amount at maturity and, for financial assets, adjusted for any impairment.

Any difference between the entry amount and the reimbursement amount is recognized in the income statement for the period of the borrowings using the effective interest method.

Financial instruments are classified as liabilities or equity in accordance with the nature of the contractual arrangement. Interest, dividends, gains and losses on a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are recorded directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and discharge the obligation simultaneously.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting period.

Except for trade receivables, contract assets, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk associated with the financial instrument, has increased significantly since initial recognition. If, at the reporting date, the credit risk for a financial instrument has not increased significantly since the initial recognition, the Group measures the loss allowance for that financial instrument at a value equal to 12 month expected credit losses.

The loss allowance on trade receivables or contract assets resulting from transactions that are subject to IFRS 15 is measured at an amount equal to lifetime expected credit losses.

The carrying amount of the financial asset, other than those at fair value through profit or loss, is reduced through the use of an allowance account.

De-recognition of financial assets and liabilities

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Reserves

Reserves include (note 18):

- legal reserves, which are used annually to transfer to reserves up to 5% of the statutory profit, but not more than 20% of the statutory share capital of the companies within the Group;
- other reserves, which represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g) for the Company's development fund;
- reserves from reinvested profit, set up based on the Fiscal Code. The amount of profit that benefited from tax exemption under the fiscal legislation less the legal reserve, is distributed at the end of the year by setting up the reserve;
- development quota reserve, non-distributable, set up until 2004. Development quota reserve set up after 2004 is distributable and presented in retained earnings. Development quota set up after 2004 is allocated with the approval of General Meeting of Shareholders, based on depreciation, respectively write-off of the assets financed using the development quota;
- other non-distributable reserves, set up from retained earnings representing translation differences recorded at transition to IFRS. These reserves are set up in accordance with MOF 2844/2016.

Subsidies

Subsidies are non-reimbursable financial resources granted to the Group with the condition of meeting certain criteria. In the category of subsidies are included grants related to assets and grants related to income.

Grants related to assets are government grants for whose primary condition is that the Group should purchase, construct, or otherwise acquire long-term assets.

Grants related to income are government grants other than those related to assets.

Subsidies are not recognized until there is reasonable assurance that:

a) the Group will comply with the conditions attaching to it; and

b) subsidies will be received.

Grants related to assets are presented in the statement of financial position as "Deferred revenue", which is then recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants related to income are recognized in the statement of profit or loss under "Other income", as the related expenses are recorded Until the time of the expense, the grant received is recognized as "Deferred revenue".

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that the management has made in the process of applying the Group's accounting policies, and that have the most significant effect on the amounts recognized in the financial statements.

Estimates related to the exploration expenditure on undeveloped fields

If field works prove that the geological structures are not exploitable from an economic point of view or that they do not have hydrocarbon resources available, an impairment is recorded. The impairment assessment is performed based on geological experts' technical expertise.

Estimates related to the developed proved reserves

The Group applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with the income realized from sale of production obtained from the total natural gas reserve at the beginning of the period. According to this method, the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve at the beginning of the period. The gas reserves are updated annually according to internal assessments that are based on certifications of ANRM.

Estimates related to the decommissioning provision

Liabilities for decommissioning costs are recognized for the Group's obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using the interest rate on long term treasury bonds. The rate is updated annually.

Estimates related to the retirement benefit obligation

Under the Collective Labor Agreement, the Group is obliged to pay to its employees when they retire a multiplicator of the gross salary, depending on the seniority within the gas industry/electricity industry, working conditions etc. This provision is updated annually and calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and brought to present value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Group does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

Contingencies

By their nature, contingencies end only when one or more uncertain future events occur or not. In order to determine the existence and the potential value of a contingent element, is required to exercise the professional judgment and the use of estimates regarding the outcome of future events (note 33).

Comparative information

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes is presented the value of the corresponding item for the previous period ended, unless the changes are insignificant. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements, which has a material impact on the Group

3. REVENUE AND OTHER INCOME

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Revenue from gas sold - domestic production	3,845,351	3,383,231
Revenue from gas sold – other arrangements	133,073	129,196
Revenue from gas acquired for resale – import gas	205,912	29,280
Revenue from gas acquired for resale – domestic gas	11,015	22,020
Revenue from storage services-capacity reservation	230,611	422,180
Revenue from storage services-extraction	36,831	32,133
Revenue from storage services-injection	30,564	51,444
Revenue from electricity	297,080	464,170
Revenue from services	188,896	34,090
Revenue from sale of goods	17,462	10,216
Other revenues from contracts	404	-
Total revenue from contracts with customers	**4,997,199**	**4,577,960**
Other revenues	6,998	7,226
Total revenue	**5,004,197**	**4,585,186**
Other operating income *)	18,442	364,169
Total revenue and other income	**5,022,639**	**4,949,355**

*) Other operating income decreased compared to prior year following the transition to IFRS 15. The income related to services from third party suppliers included in the prices charged to customers is recognized as revenue starting 2018 (note 2).

Under IFRS 15, revenue from contracts with customers is recognized as or when the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of goods sold by the Group usually coincides with title passing to the customer and the customer taking physical possession.

Revenues from gas and electricity are recognized when the delivery has been made at the prices fixed in the contracts with customers.

Revenues from storage services are recognized when they are provided at the rates set by the regulatory authority. Usually, injection services are provided in the period April – October, and those for extraction in October – April. The capacity reservation services are being provided each month of the storage cycle, which begins on April 1 and ends on March 31 of the next year.

In measuring the revenue from gas, electricity and storage services, the Group uses output methods. According to these methods, revenues are recognized based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The Group recognizes the revenue in the amount it has the right to charge.

The Group does not disclose information about the remaining performance obligations, applying the practical expedient in IFRS 15, since the contracts with the customers are generally signed for periods of less than one year and the revenues are recognized at the amount which the Group has the right to charge.

4. INVESTMENT INCOME

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Interest income	53,279	22,350
Total	**53,279**	**22,350**

Interest income is derived from the Group's investments in bank deposits and government bonds.

5. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Consumables used	71,963	61,032
Cost of gas acquired for resale, sold – import	202,613	27,732
Cost of gas acquired for resale, sold – domestic	7,338	22,184
Cost of electricity imbalance	34,031	10,219
Cost of other goods sold	1,037	961
Other consumables	3,498	3,296
Total	**320,480**	**125,424**

6. OTHER GAINS AND LOSSES

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) '000 RON
Forex gain	4,058	484
Forex loss	(5,249)	(1,794)
Net loss on disposal of non-current assets	(62,961)	(74,401)
Net loss on disposal of associates and other financial investments	-	(12,308)
Net receivable allowances (note 16 c) *)	117	(19,018)
Net impairment of associates and other financial investments	-	12,483
Net write down allowances for inventory (note 15)	2,052	(8,147)
Net gain/loss on financial assets at fair value through profit or loss (note 26)	(40,782)	-
Losses from other debtors	(224)	(19,367)
Total	**(102,989)**	**(122,068)**

*) Following the adoption of IFRS 15, net receivable allowances from contracts with customers are presented separately in the statement of comprehensive income. Previous period was not restated.

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) '000 RON
Depreciation	591,290	573,057
out of which:		
- depreciation of property, plant and equipment	586,955	564,810
- amortization of intangible assets	4,335	8,247
Net impairment of non-current assets (note 12)	116,852	(20,611)
Total depreciation, amortization and impairment	**708,142**	**552,446**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

8. EMPLOYEE BENEFIT EXPENSE

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Wages and salaries*)	660,850	503,161
Social security charges *)	19,044	120,340
Meal tickets	18,479	16,278
Other benefits according to collective labor contract	25,908	22,121
Private pension payments	10,671	10,746
Private health insurance	6,685	6,727
Total employee benefit costs	**741,637**	**679,373**
Less, capitalized employee benefit costs	(120,307)	(116,479)
Total employee benefit expense	**621,330**	**562,894**

*) The increase in wages and salaries and the reduction of social security charges is due to the transfer in 2018 of social security from employer to employee. The Group has increased employees' wages so that they are not affected by the legislative change.

9. FINANCE COSTS

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) '000 RON
Interest expense	-	3
Unwinding of the decommissioning provision (note 19)	29,724	18,788
Total	**29,724**	**18,791**

10. OTHER EXPENSES

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) '000 RON
Energy and water expenses	20,220	21,209
Expenses for capacity booking and gas transmission services	27,067	61,311
Expenses with other taxes and duties *)	1,006,098	688,873
(Net gain)/Net loss from provisions movement (note 19)	(4,238)	34,367
Other operating expenses **)	360,300	296,173
Total	**1,409,447**	**1,101,933**

*) In the year ended December 31, 2018, the major taxes and duties included in the amount of RON 1,006,098 thousand (year ended December 31, 2017: RON 688,873 thousand) are:

- RON 550,792 thousand represent windfall tax resulting from the deregulation of prices in the natural gas sector according to Government Ordinance no. 7/2013 with the subsequent amendments for the implementation of the windfall tax following the deregulation of prices in the natural gas sector (year ended December 31, 2017: RON 386,312 thousand).
- RON 445,164 thousand represent royalty on gas production and storage activity (year ended December 31, 2017: RON 293,846 thousand). The increase over the previous year is mainly due to modification of legislation regarding the calculation of the royalty fee, in which the reference price took into calculation was not the price obtained by the Group from the contracts with customers, it is the reference price index „PEGAS CEGH Day Ahead Market Single Day Select, VWAP/CEGHIX Central European Gas Hub AG (CEGH)", which was higher.

**) Other operating expenses in the amount of RON 360,301 thousand (2017: RON 296,173 thousand) include expenses for the transportation and distribution of natural gas amounting to RON 162,814 thousand (RON 2017: 122,353 thousand) and green certificates and CO2 certificates of RON 32,865 thousand (2017: 31,036) thousand RON).

11. INCOME TAX

	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Current tax expense	273,804	368,030
Deferred income tax (income)/expense	(54,788)	(51,912)
Income tax expense	**219,016**	**316,118**

The tax rate used for the reconciliations below for the year ended December 31, 2018, respectively year ended December 31, 2017 is 16% payable by corporate entities in Romania on taxable profits.

The total charge for the period can be reconciled to the accounting profit as follows:

	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Accounting profit before tax	**1,585,184**	**2,119,752**
(Profit)/loss of activities not subject to income tax	6,177	845
Accounting profit subject to income tax	**1,591,361**	**2,120,597**
Income tax expense calculated at 16%	254,618	339,296
Effect of income exempt of taxation	(54,040)	(54,142)
Effect of expenses that are not deductible in determining taxable profit	102,527	89,173
Effect of current income tax reduction, due to VAT split	(14,273)	(4,805)
Effect of tax incentive for reinvested profit	(6,949)	(3,806)
Effect of legal reserves	(64)	-
Effect of the benefit from tax credits, used to reduce current tax expense	13,043	10,442
Effect of deferred tax relating to the origination and reversal of temporary differences	(29,009)	(26,052)
Effect of the benefit from tax credits, used to reduce deferred tax expense	(46,837)	(33,988)
Income tax expense	**219,016**	**316,118**

Components of deferred tax (asset)/liability:

	Year ended December 31, 2018		Year ended December 31, 2017 (restated)	
	Cumulative temporary differences	Deferred tax (asset)/ liability	Cumulative temporary differences	Deferred tax (asset)/ liability
	'000 RON	'000 RON	'000 RON	'000 RON
Provisions	(702,667)	(112,428)	(862,402)	(137,985)
Property, plant and equipment	1,272,647	203,624	1,343,536	214,689
Exploration assets *)	(1,161,170)	(185,787)	(756,230)	(120,997)
Financial investments	(977)	(156)	-	-
Inventory	(18,485)	(2,958)	-	-
Trade receivables and other receivables	(186,161)	(29,786)	(160,451)	(25,672)
Total	**(796,813)**	**(127,491)**	**(435,547)**	**(69,965)**
Change, out of which:		**57,526**		**51,912**
- In current year's result		54,788		51,912
- in other comprehensive income		2,738		-

*) According to the Fiscal Code applicable in Romania, expenses related to location, exploration, development or any preparatory activity for the exploitation of natural resources, which, according to the applicable accounting regulations, are recorded directly in the result, are recovered in equal rates for a period of 5 years, starting with the month in which the expenses are incurred. Also, for fixed assets specific to the exploration and production of gas resources, the carrying tax value of fixed assets written off is deducted using the tax depreciation method used before their write-off for the remaining period. All of these costs are treated as assets only from a tax point of view and generate a deferred tax asset.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage assets	Tangible exploration assets	Capital work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2018 (restated)	108,402	882,913	6,475,527	927,068	97,142	1,694,522	438,613	797,540	11,421,727
Additions	446	10	2,101	139	2	1	205,370	971,058	1,179,127
Transfers	106	10,849	227,799	68,969	7,214	25,502	(161,906)	(178,533)	-
Disposals	-	(1,737)	(251,340)	(11,481)	(2,259)	(1,424)	(149,620)	(24,697)	(442,558)
As of December 31, 2018	108,954	892,035	6,454,087	984,695	102,099	1,718,601	332,457	1,565,368	12,158,296
Accumulated depreciation									
As of January 1, 2018 (restated)	-	265,803	3,271,717	532,892	69,125	520,149	-	-	4,659,686
Charge *)	-	32,505	435,102	68,035	5,991	68,997	-	-	610,630
Disposals	-	(561)	(35,522)	(10,582)	(2,195)	(102)	-	-	(48,962)
As of December 31, 2018	-	297,747	3,671,297	590,345	72,921	589,044	-	-	5,221,354
Impairment									
As of January 1, 2018 (restated)	3,180	16,031	229,683	23,373	386	2,152	157,349	108,188	540,342
Charge	-	16,599	220,194	50,660	677	1,897	31,800	50,603	372,430
Transfers	-	-	12,039	-	-	-	(1,274)	(10,765)	-
Release	-	(1,107)	(71,492)	(2,807)	(154)	(528)	(150,609)	(28,881)	(255,578)
As of December 31, 2018	3,180	31,523	390,424	71,226	909	3,521	37,266	119,145	657,194
Carrying value									
As of January 1, 2018 (restated)	105,222	601,079	2,974,127	370,803	27,631	1,172,221	281,264	689,352	6,221,699
As of December 31, 2018	105,774	562,765	2,392,366	323,124	28,269	1,126,036	295,191	1,446,223	6,279,748

**) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to RON 21,171 thousand.*

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage assets	Tangible exploration assets	Capital work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2017 (restated)	**106,991**	**881,566**	**6,067,913**	**893,944**	**94,404**	**1,674,274**	**417,216**	**659,927**	**10,796,235**
Additions	1,429	1	143,595	-	144	-	231,309	497,754	874,232
Transfers	89	3,855	316,223	43,546	3,214	24,997	(74,562)	(317,362)	-
Disposals	(107)	(2,509)	(52,204)	(10,422)	(620)	(4,749)	(135,350)	(42,779)	(248,740)
As of December 31, 2017	**108,402**	**882,913**	**6,475,527**	**927,068**	**97,142**	**1,694,522**	**438,613**	**797,540**	**11,421,727**
Accumulated depreciation									
As of January 1, 2017 (restated)	-	**233,949**	**2,868,192**	**475,904**	**63,308**	**454,494**	-	-	**4,095,847**
Charge *)	-	33,031	415,019	86,507	6,380	69,712	-	-	590,649
Transfers	-	-	759	-	-	(759)	-	-	-
Disposals	-	(1,177)	(12,253)	(9.519)	(563)	(3.298)	-	-	(26,810)
As of December 31, 2017	-	**265,803**	**3,271,717**	**532,892**	**69,125**	**520,149**	-	-	**4,659,686**
Impairment									
As of January 1, 2017 (restated)	**3,180**	**15,933**	**157,172**	**23,474**	**442**	**3,421**	**210,783**	**146,548**	**560,953**
Charge	-	908	103,914	774	71	696	94,236	30,516	231,115
Transfers	-	-	24,814	-	-	-	(8,334)	(16,480)	-
Release	-	(810)	(56,217)	(875)	(127)	(1.965)	(139,336)	(52,396)	(251,726)
As of December 31, 2017	**3,180**	**16,031**	**229,683**	**23,373**	**386**	**2,152**	**157,349**	**108,188**	**540,342**
Carrying value									
As of January 1, 2017 (restated)	**103,811**	**631,684**	**3,042,549**	**394,566**	**30,654**	**1,216,359**	**206,433**	**513,379**	**6,139,435**
As of December 31, 2017	**105,222**	**601,079**	**2,974,127**	**370,803**	**27,631**	**1,172,221**	**281,264**	**689,352**	**6,221,699**

**) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to RON 22,973 thousand*

Impairment of property, plant and equipment

Note 2 contains information on the conditions under which impairment losses for individual assets are recognized.

Impairment of assets in the Upstream segment

During 2018, the Group identified indications of impairment of commercial gas fields. Based on its assessment, the Group considered each commercial field as a separate cash-generating unit. The infrastructure common to several gas fields (e.g., compression stations, drying stations) was allocated to each field according to the quantities processed for each field served. The corporate assets were allocated to each field according to the estimated revenue to be earned by each field in the total revenue over the period considered in the impairment test.

The impairment test took into account the economic life of the fields, according to the latest studies approved by the National Agency of Mineral Resources, but no later than 2043, this being the limit year of the concession agreements, according to the legislation in force.

Following the impairment test, there was an impairment of RON 120,725 thousand.

In the impairment test the following assumptions were used:

- Weighted average cost of capital: 10%;
- The inflation rate for the years 2019-2022 was the one reported by the National Prognosis Commission in the autumn forecast for 2018. For the period 2023-2043 a constant inflation rate of 2% was used;
- The reference price used for calculating the royalties was (lei / MWh):

2019	2020	2021-2043
117	123	126

- Estimated pricing used were (lei/MWh):

2019	2020	2021	2022
74	68	68	76

- After 2022, it was considered that prices would rise at a constant rate of 3%.

Sensitivity analysis - following the 1% change in the factors below, the impairment resulted from the impairment test would be (changes are independent one from each other):

	Increase with 1%	Decrease with 1%
	'000 RON	'000 RON
Weighted average cost of capital	145,196	140,946
Selling price used starting year 2022	141,453	142,266
Inflation rate	140,918	145,467
Royalties price	141,995	141,724

Impairment of the current Iernut Power Plant

In 2018 the Group impaired the current power plant, recording an impairment of RON 47,474 thousand. By the date the financial statements were endorsed, no decision was taken about closing the current plant, but the management estimated that net value of the investment will not be recovered.

13. EXPLORATION AND APPRAISAL FOR NATURAL GAS RESOURCES

The following financial information represents the amounts included within the Group's totals relating to activity associated with the exploration for and appraisal of natural gas resources. All such activity is recorded within the Upstream segment.

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated) '000 RON
Exploration assets written off (note 12)	(149,620)	(135,350)
Seismic geological, geophysical studies	(97,503)	(47,771)
Total exploration expense	**(247,123)**	**(183,121)**
Net movement in exploration assets' impairment (note 12) (net income)/net loss	(118,809)	(45,100)
Net cash used in exploration investing activities	(205,371)	(231,496)

	December 31, 2018 '000 RON	December 31, 2017 (restated) '000 RON
Exploration assets (note 12)	295,191	281,264
Liabilities	(22,464)	(35,870)
Net assets	**272,727**	**245,394**

14. OTHER INTANGIBLE ASSETS

	Other intangible assets	Licenses	Intangible work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON
Cost				
As of January 1, 2018	**15,079**	**168,581**	**51**	**183,711**
Additions	-	206	510	716
Transfers	-	527	(527)	-
Disposals	(857)	(3,878)	(34)	(4,769)
As of December 31, 2018	**14,222**	**165,436**	**-**	**179,658**
Accumulated amortization				
As of January 1, 2018	**11,694**	**163,388**	**-**	**175,082**
Charge	2,213	2,122	-	4,335
Disposals	(857)	(3,872)	-	(4,729)
As of December 31, 2018	**13,050**	**161,638**	**-**	**174,688**
Carrying value				
As of January 1, 2018	**3,385**	**5,193**	**51**	**8,629**
As of December 31, 2018	**1,172**	**3,798**	**-**	**4,970**

	Other intangible assets	Licenses	Intangible work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON
Cost				
As of January 1, 2017	**15,079**	**170,921**	**34**	**186,034**
Additions	-	252	2,809	3,061
Transfers	-	2,792	(2,792)	-
Disposals	-	(5,384)	-	(5,384)
As of December 31, 2017	**15,079**	**168,581**	**51**	**183,711**
Accumulated amortization				
As of January 1, 2017	**9,477**	**161,966**	**-**	**171,443**
Charge	2,217	6,030	-	8,247
Disposals	-	(4,608)	-	(4,608)
As of December 31, 2017	**11,694**	**163,388**	**-**	**175,082**
Carrying value				
As of January 1, 2017	**5,602**	**8,955**	**34**	**14,591**
As of December 31, 2017	**3,385**	**5,193**	**51**	**8,629**

15. INVENTORIES

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Spare parts and materials	186,978	149,728
Work in progress	464	373
Finished goods (gas)	94,461	212,057
Residual products	153	85
Inventories at third parties	2,057	66,971
Goods for resale (gas)	-	471
Other inventories	78	81
Write-down allowance for spare parts and materials	(38,053)	(35,038)
Write-down allowance for residual products	(47)	(44)
Write-down allowance for inventories at third parties	(99)	(5,169)
Total	**245,992**	**389,515**

16. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Trade receivables	1,651,557	1,518,568
Allowances for expected credit losses (note 16 c)	(1,218,188)	(1,198,247)
Accrued receivables	392,677	495,765
Total	**826,046**	**816,086**

Trade receivables from gas deliveries are generally due within 30 days of invoice issue. These must be guaranteed by customers through bank letters of guarantee. If customers do not provide such a guarantee, they must ensure that natural gas is paid in advance.

Trade receivables from the sale of electricity are generally due within 7 days of the date of invoice transmission. These must be guaranteed by customers through bank letters of guarantee. If customers do not provide such a guarantee, they must ensure that electricity is paid in advance.

Trade receivables from storage services are due within 15 days of invoice issue. Customers must provide a 5% guarantee for the services value.

b) Other assets

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Advances paid to suppliers	9,585	20,891
Joint operation receivables	6,703	3,848
Other receivables *)	65,529	60,095
Allowance for expected credit losses other receivables (note 16 c) *)	(50,983)	(51,302)
Other debtors	47,188	46,248
Allowance for expected credit losses for other debtors (note 16 c)	(43,091)	(42,889)
Prepayments	5,069	5,298
VAT not yet due	5,726	19,255
Other taxes receivable **)	123,152	244,469
Total	**168,878**	**305,913**

*) (i) During May 13, 2014 – September 30, 2014 the National Agency for Tax Administration (Agentia Nationala de Administrare Fiscala - ANAF) ran a tax investigation at Romgaz regarding the tax statements and/or operations relevant for the investigation as well as the organization and management of tax and accounting evidence. The period under control was 2008 – 2013 for income tax and 2009 – 2013 for VAT.

Following the tax inspection, an additional liability was established for Romgaz of RON 22,440 thousand, representing income tax, VAT, penalties and related interest. Of the total amount, Romgaz paid RON 2,389 thousand. For the remaining amount of RON 20,051 thousand, Romgaz performed a legal assessment which concluded that the additional tax, penalties and interest are not correct. Romgaz filed an appeal to the Ministry of Public Finance. The appeal was partially rejected for the amount of RON 15,872 thousand.

For RON 4,179 thousand a new fiscal control was ordered, which resulted in a tax burden of RON 2,981 thousand. The appeal filed to ANAF was rejected.

In 2015, Romgaz sued the Ministry of Finance to cancel the above mentioned administrative acts, including the partial cancelation of the decision issued for the appeal.

The payment made in 2016 generated additional penalties of RON 13,697 thousand, also paid. Considering the disagreement regarding the conclusions of the tax control, the Company recorded a receivable and an allowance.

The total receivable impaired in connection with this control is RON 32,550 thousand.

(ii) During the period December 2016 - April 2017 ANAF resumed the tax inspection on VAT for the period December 2010 – June 2011 and on income tax for the period January 2010 – December 2011, regarding the discounts granted by Romgaz to interruptible clients for deliveries during 2010 - 2011. This status was attributed to companies by Transgaz, the Romanian natural gas transmission operator. Following the tax inspection, additional tax obligations of RON 15,284 thousand were determined, and also penalties and late payment charges in amount of RON 3,129 thousand. The tax decision and the tax inspection report were appealed to ANAF. Romgaz paid the additional tax obligation and the late payment charges and based on the appeal, the Company recorded a receivable for which it recorded an allowance.

The total receivable impaired in connection with this control is RON 18,413 thousand.

**) In 2017 the excise tax inspection for the period January 2010 - March 2013 was finalized. The tax inspection report concluded that Romgaz was not subject to excise duties related to technological consumption. Based on this report, Romgaz recorded an income of RON 244,385 thousand, of which RON 130,470 thousand refer to the period April 2013 - November 2016, for which Romgaz has submitted corrective statements. In 2018, Romgaz recovered RON 113,915 thousand by offsetting with other tax liabilities in balance at December, 31 2017. As for the amount of RON 130,470 thousand, Romgaz was subjected in 2018 to a new tax audit for reimbursement, which was finalized favorably in 2019, when the rest of the amount was recovered.

c) Changes in the allowance for expected credit losses for trade and other receivables and other assets

	2018 '000 RON	2017 '000 RON
At January 1	**1,292,438**	**1,273,230**
Charge in the allowance for receivables (note 6) *)	388	38,451
Charge in the allowance for trade receivables	20,928	-
Forex	-	190
Release in the allowance for receivables (note 6) *)	(505)	(19,433)
Release in the allowance for trade receivables	(987)	-
At December 31	**1,312,262**	**1,292,438**

*) 2017 amounts contain the allowance of trade receivables

As of December 31, 2018, the Group recorded allowances for expected credit losses, of which Interagro RON 275,961 thousand (December 31, 2017: RON 275,961 thousand), GHCL Upsom of RON 60,371 thousand (December 31, 2017: RON 60,371 thousand), CET Iasi of RON 46,271 thousand (December 31, 2017: RON 46,271 thousand), Electrocentrale Galati with RON 223,396 thousand (December 31, 2017: RON 217,585 thousand), Electrocentrale Bucuresti with RON 570,274 thousand (December 31, 2017: RON 570,274 thousand), G-ON EUROGAZ of RON 14,848 thousand (December 31, 2017: RON 14,848 thousand) and Electrocentrale Constanta of RON 14,295 thousand (December 31, 2017: RON 0 thousand) due to existing financial conditions of these clients as well as ongoing litigating cases related to these receivables or exceeding payment terms.

d) Credit risk exposure

	Gross carrying amount	Expected credit loss rate	Lifetime expected credit losses
	'000 RON	%	'000 RON
Current receivables	418,620	-	-
less than 30 days overdue	13,824	1 16	160
30 to 90 days overdue	1,321	97 20	1 284
90 to 360 days overdue	20,176	99 76	20 128
over 360 days overdue	1,197,616	99.92	1,196,616
Total trade receivables	**1,651,557**		**1,218,188**

17. SHARE CAPITAL

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
385,422,400 fully paid ordinary shares	385 422	385,422
Total	**385,422**	**385,422**

The shareholding structure as at December 31, 2018 is as follows

	No. of shares	Value	Percentage
		'000 RON	(%)
The Romanian State through the Ministry of Energy	269,823,080	269,823	70.01
Legal persons	98,004,388	98,004	25 42
Physical persons	17,594,932	17,595	4.57
Total	**385,422,400**	**385,422**	**100**

All shares are ordinary and were subscribed and fully paid as at December 31. 2018. All shares carry equal voting rights and have a nominal value of RON 1/share (December 31. 2017: RON 1/share)

18. RESERVES

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Legal reserves	77.487	77,084
Other reserves, of which:	1,747,512	2,235,448
- Company's development fund	1,028,449	1,559.772
- Reinvested profit	212,950	169 563
- Geological quota set up until 2004	486.388	486 388
- Other reserves	19,725	19,725
Total	**1,824,999**	**2,312,532**

19. PROVISIONS

	December 31, 2018	December 31, 2017 (restated)
	'000 RON	'000 RON
Decommissioning provision	510,114	682,041
Retirement benefit obligation	139,254	119,482
Total long term provisions	**649,368**	**801,523**
Decommissioning provision	20,352	31,116
Provisions for land restoration	-	16,043
Litigation provision	229	79
Other provisions *)	73,064	29,685
Total short term provisions	**93,645**	**76,923**
Total provisions	**743,013**	**878,446**

*) On December 31, 2018, other provisions of RON 73,064 thousand include the provision for employee's participation to profit of RON 29,135 thousand (December 31, 2016: RON 23,725 thousand) and the provision for CO2 certificates of RON 40,109 thousand (note 33 c) (December 31, 2017, the provision for CO2 certificates in the amount of RON 20,804 thousand was presented as trade payables).

a) Decommissioning provision

Decommissioning provision movement	2018	2017 (restated)
	'000 RON	'000 RON
At January 1 (restated)	**713,157**	**541,067**
Additional provision recorded against non-current assets	1,902	143,162
Unwinding effect (note 9)	29,724	18,788
Recorded in profit or loss	(34,390)	22,978
Change recorded against non-current assets	(179,927)	(12,838)
At December 31	**530,466**	**713,157**

The Group makes full provision for the future cost of decommissioning natural gas wells on a discounted basis upon installation. The provision for the costs of decommissioning these wells at the end of their economic lives has been estimated using existing technology, at current prices or future assumptions, depending on the expected timing of the activity, and discounted using a rate of 4.8% (year ended December 31, 2017: 4.32%). While the provision is based on the best estimate of future costs and the economic lives of the wells, there is uncertainty regarding both the amount and timing of these costs.

The increase with 1 percentage point of the discount rate would decrease the decommissioning provision with RON 91,075 thousand. The decrease with 1 percentage point of the discount rate would increase the decommissioning provision with RON 117,949 thousand.

b) Other provisions

	Litigation provision	Retirement benefit obligations	Other provisions	Land restoration provision	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2018	**79**	**119,482**	**29,685**	**16,043**	**165,289**
Additional provision recorded in the result of the period	235	11,733	80.025	-	91,993
Additional provision over the period in other items of comprehensive income	-	17,106	-	-	17,106
Provisions used in the period	(85)	(7,613)	(36,646)	(5,389)	(49,733)
Unused amounts during the period, reversed	-	(1,454)	-	(10,654)	(12,108)
At December 31, 2018	**229**	**139,254**	**73,064**	**-**	**212,547**

	Litigation provision	Retirement benefit obligations	Other provisions	Land restoration provision	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	**-**	**119,986**	**24,951**	**8,963**	**153,900**
Additional provision in the period	79	6,653	43,933	16,043	66,708
Provisions used in the period	-	(7,157)	(24 235)	(2,368)	(33,760)
Unused amounts during the period, reversed	-	-	(14,964)	(6,595)	(21,559)
At December 31, 2017	**79**	**119,482**	**29,685**	**16,043**	**165,289**

c) Retirement benefit obligation

Movement of the retirement benefit obligation	**2018**	**2017**
	'000 RON	'000 RON
At 1 January	**119,482**	**119,986**
Interest cost	5,118	4 019
Cost of current service	6,601	5,640
Payments during the year	(7,613)	(6,471)
Actuarial (gain)/loss for the period	17,106	(3,692)
Decreases	(1,440)	-
At December 31	**139,254**	**119,482**

With the exception of actuarial gains/losses, all other movements in the retirement benefit obligation are recognized in the result of the period. In 2017, all movements in the retirement benefit obligation were recorded in the result of the period.

In determining the retirement benefit obligation, the following significant assumptions were used:

- No layoffs or restructurings are planned;
- Average discount rate: 5.14%;
- Average inflation rate: 2.51%;
- Average rate of increase in salaries: 4.51% for Romgaz; for Depogaz it is estimated that salaries will increase with the inflation rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Sensitivity analysis

The discount rate and the salary increase rate have a significant effect on the obligation. Isolated change in assumptions with 1 percentage point would have the following effect on the obligation:

	Increase of 1% in assumptions	Decrease of 1% in assumptions
	'000 RON	'000 RON
Discount rate	(13,579)	15,864
Rate of increase in salaries	15,865	(13,812)

Maturity analysis of payment cash flows

	Benefit payments
	'000 RON
Up to 1 year	9,182
1-2 years	6,967
2-5 years	35,295
5-10 years	69,332
Over 10 years	379,490

20. DEFERRED REVENUE

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Amounts collected from NIP *)	20,994	-
Other amounts received as subsidies	134	-
Total deferred revenue long term	**21,128**	**-**
Other amounts received as subsidies	123	263
Other deferred revenue	8,319	707
Total deferred revenue short term	**8,442**	**970**
Total deferred revenue	**29,570**	**970**

*) In Government Decision no. 1096/2013 approving the mechanism for free allocation of greenhouse gas emission allowances to electricity producers for the period 2013-2020, Annex no. 3 "National Investment Plan", S.N.G.N. ROMGAZ S.A. is included with the investment "Combined Gas Turbine Cycle".

For this investment, Romgaz signed in 2017 a financing agreement with the Ministry of Energy, whereby the Ministry of Energy undertakes to grant a non-reimbursable financing of RON 320,912 thousand, representing a maximum of 25% of the total value of eligible expenditure of the investment. In 2018 the amount of RON 20,994 thousand was collected. Amounts received under this contract will be transferred to income based on the depreciation rate of the investment, which is expected to be put into operation in 2020.

	Amounts collected from NIP	Other amounts received as subsidies	Total
	'000 RON	'000 RON	'000 RON
January 1, 2018	**-**	**263**	**263**
Received	20,994	114	21,108
Other increases	-	149	149
Amounts in revenue	-	(269)	(269)
December 31, 2018	**20,994**	**257**	**21,251**

21. TRADE AND OTHER CURRENT LIABILITIES

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Accruals	35,336	61,998
Trade payables	21,502	45,621
Payables to fixed assets suppliers	129,864	112,782
Advances from customers *)	-	385,708
Total trade payables	**186,702**	**606,109**
Payables related to employees	43,560	36,368
Royalties	139,553	85,521
Social security taxes	18,765	23,927
Other current liabilities	30,082	32,090
Joint operations payables	3,592	3,800
VAT	84,327	95,959
Dividends payable	2,355	804
Windfall tax	69,875	50,190
Other taxes	506	445
Total other liabilities	**392,615**	**329,104**
Total trade and other liabilities	**579,317**	**935,213**

*) Contract liabilities as of December 31, 2017, representing advances from customers, amounting to RON 385,708 thousand, generated revenues of RON 151,239 thousand in 2018. The amount of RON 12,923 thousand was reimbursed to the clients, the advances received being higher than deliveries. The rest of the amount was recognized in revenues in 2017, but the decrease of advances took place after the issue of the reconciliation invoice in 2018

At December 31, 2018, the contract liabilities amounted to RON 46,381 thousand. These correspond to gas deliveries in the first quarter of 2019, with revenues being recognized in the month of delivery.

22. FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk, interest rate risk), credit risk, liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance within certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The Group does not use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to currency risk as a result of exposure to various currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

As at December 31, 2018, the official exchange rates were RON 4.0736 to USD 1 and RON 4.6639 to EUR 1 and (December 31, 2017: RON 3.8915 to USD 1 and RON 4.6597 to EUR 1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

December 31, 2018	EUR 1 EUR = 4.6639 '000 RON	GBP 1 GBP = 5.1931 '000 RON	USD 1 USD = 4.0736 '000 RON	RON 1 RON '000 RON	Total '000 RON
Financial assets					
Cash and cash equivalents	1,007	13	5	565,811	566,836
Other financial assets	-	-	-	878,555	878,555
Trade and other receivables	-	-	-	433,369	433,369
Total financial assets	**1,007**	**13**	**5**	**1,877,735**	**1,878,760**
Financial liabilities					
Trade payables and other payables	(18,388)	(28)	(811)	(132,139)	(151,366)
Total financial liabilities	**(18,388)**	**(28)**	**(811)**	**(132,139)**	**(151,366)**
Net	**(17,381)**	**(15)**	**(806)**	**1,745,596**	**1,727,394**

December 31, 2017	EUR 1 EUR = 4.6597 '000 RON	GBP 1 GBP = 5.2530 '000 RON	USD 1 USD = 3.8915 '000 RON	RON 1 RON '000 RON	Total '000 RON
Financial assets					
Cash and cash equivalents	450	-	9	226,708	227,167
Other financial assets	-	-	-	2,787,261	2,787,261
Trade and other receivables	-	-	-	320,321	320,321
Total financial assets	**450**	**-**	**9**	**3,334,290**	**3,334,749**
Financial liabilities					
Trade payables and other payables	(63,366)	(7)	(278)	(94,752)	(158,403)
Total financial liabilities	**(63,366)**	**(7)**	**(278)**	**(94,752)**	**(158,403)**
Net	**(62,916)**	**(7)**	**(269)**	**3,239,538**	**3,176,346**

The Group is mainly exposed to currency risk generated by EUR and USD against RON. The table below details the sensitivity of the Group to a 5% increase/decrease in the EUR and USD exchange rate against the RON. The 5% rate is the rate used in internal reports to management on foreign currency risk and represents management's assessment of reasonable changes in the exchange rate. Sensitivity analysis includes only monetary items denominated in foreign currency in the balance sheet, and considers the transfer at the end of the period to a modified rate of 5%.

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
RON weakening - loss	909	3,159

(ii) Inflation risk

The official inflation rate in Romania, during the year ended December 31, 2018 was under 10% as provided by the National Commission for Statistics of Romania. The cumulative inflation rate for the last 3 years was under 100%. This factor, among others, led to the conclusion that Romania is not a hyperinflationary economy.

(iii) Interest rate risk

The Group is exposed to interest rate risk, due to retirement benefit obligations and the decommissioning provision. The Group's sensitivity to changes in the discount rate is detailed in note 19.

Bank deposits and treasury bills bear a fixed interest rate.

(b) Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables. The Group has policies in place to ensure that sales are made to customers with low credit risk. Also, sales have to be secured, either through advance payments, either through bank letters of guarantee. The carrying amount of accounts receivable, net of bad debt allowances, represent the maximum amount exposed to credit risk. The Group has a concentration of credit risk in respect of its top 4 clients, which together amount to 87.96% of net trade receivable balance at December 31, 2018 (top 4 clients: 91.25% as of December 31, 2017). Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the bad debt allowance already recorded.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend policy, issue new shares or sell assets to reduce debt.

The Group's policy is to only resort to borrowing if investment needs cannot be financed internally.

(d) Fair value estimation

Carrying amount of financial assets and liabilities is assumed to approximate their fair values.

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, other financial assets, short-term loans and borrowings and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Group's maximum exposure to credit risk for existing receivables.

e) Maturity analysis for non-derivative financial assets and financial liabilities

December 31, 2018	Due in less than a month	Due in 1-3 months	Due in 3 months to 1 year	Due in 1-5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	215,622	217,710	37	-	-	433,369
Bank deposits	205,591	125,167	-	-	-	330,758
Treasury bonds	-	178,990	368,807	-	-	547,797
Total	**421,213**	**521,867**	**368,844**	**-**	**-**	**1,311,924**
Trade payables	(136,842)	(14,494)	(30)	-	-	(151,366)
Total	**(136,842)**	**(14,494)**	**(30)**	**-**	**-**	**(151,366)**
Net	**284,371**	**507,373**	**368,814**	**-**	**-**	**1,160,558**

December 31, 2017	Due in less than a month	Due in 1-3 months	Due in 3 months to 1 year	Due in 1-5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	195,137	125,142	42	-	-	320,321
Bank deposits	349,174	578,266	1,459,639	-	-	2,387,079
Treasury bonds	55,540	230,710	109,550	-	-	395,800
Total	**599,851**	**934,118**	**1,569,231**	**-**	**-**	**3,103,200**
Trade payables	(149,614)	(8,727)	(62)	-	-	(158,403)
Total	**(149,614)**	**(8,727)**	**(62)**	**-**	**-**	**(158,403)**
Net	**450,237**	**925,391**	**1,569,169**	**-**	**-**	**2,944,797**

f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Group's management, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and current cash flows and by matching the maturity profiles of financial assets and liabilities.

23. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Sales of goods and services

	Year ended December 31, 2018	Year ended December 31, 2017
	'000 RON	'000 RON
Romgaz's associates	12,468	13,755
Total	**12,468**	**13,755**

Transactions with other companies controlled by the Romanian State are not considered transactions with related parties, for financial statements purposes.

(ii) Trade receivables

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Romgaz's associates	642	111
Total	**642**	**111**

24. INFORMATION REGARDING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The remuneration of executives and directors

The Group has no contractual obligations on pensions to former executives and directors of the Group.

During the years ended December 31, 2018 and December 31, 2017, no loans and advances were granted to executives and directors of the Group, except for work related travel advances, and they do not owe any amounts to the Group from such advances.

	Year ended Dec 31, 2018 '000 RON	Year ended Dec 31, 2017 '000 RON
Salaries paid to directors (gross)	17 446	14 601
of which bonuses (gross)	2 281	2 767
Remuneration paid to administrators (gross)	1 733	1 237
of which variable component (gross)	246	568

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Salaries payable to directors	403	910
Salaries payable to administrators	90	58

25. INVESTMENT IN ASSOCIATES

The Company's investments in associates are accounted using the equity method. The shares are not quoted on the stock exchange. No dividends were received in the years ended December 31, 2018, respectively, December 31, 2017.

The Company's investment in Agri LNG Project Company is not material.The investment is fully impaired.

Name of associate	Main activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%) December 31, 2018	Proportion of ownership interest and voting power held (%) December 31, 2017
SC Depomures SA Tg Mures	Storage of natural gas	Romania	40	40
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25

Name of associate	Cost as of December 31, 2018	Impairment as of December 31, 2018	Carrying value as of December 31, 2018	Cost as of December 31, 2017	Impairment as of December 31, 2017	Carrying value as of December 31, 2017
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
SC Depomures SA Tg.Mures	23,298	-	23,298	22,676	-	22,676
SC Agri LNG Project Company SRL	977	(977)	-	977	(977)	-
Total	**24,275**	**(977)**	**23,298**	**23,653**	**(977)**	**22,676**

Summarized financial information for significant investments in associates (Depomureş)

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Non-current assets	80.701	79,524
Current assets, out of which	5,624	7,775
- Cash and cash equivalents	362	2,362
Non-current liabilities, out of which:	19,322	22,710
- Financial liabilities long term	19.322	22,710
Current liabilities, out of which	5.603	2,984
- Financial liabilities short term	3.437	2,862

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Revenue	32,978	34,293
Interest revenue	11	13
Amortization and depreciation	(3,378)	(2,079)
Interest expense	(741)	-
Income tax expense	(328)	(239)
Net profit from continued operations	1,555	3,437

Reconciliation of net book value for the significant investments in associates

	2018 '000 RON	2017 '000 RON
January 1	**22,676**	**21,301**
Interest in the total comprehensive income of significant investments in associates	622	1,375
December 31	**23,298**	**22,676**

26. OTHER FINANCIAL INVESTMENTS

Other financial investments are measured at fair value through profit or loss. The effects of IFRS 9 are disclosed in note 2.

Except for the investment in Patria Bank, which is a level 1 financial investment, all other investments are included in level 3 category, according to IFRS 13.

Company	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%) December 31, 2018	Proportion of ownership interest and voting power held (%) December 31, 2017
Electrocentrale București S.A.	Electricity and thermal power producer	Romania	2.49	2.49
Patria Bank S.A.	Other activities – financial intermediations	Romania	0.03	0.03
Mi Petrogas Services S.A.	Services related to oil and natural gas extraction, excluding prospections	Romania	10	10
GHCL Upsom	Manufacture of other chemical, anorganic base products	Romania	4.21	4.21
Lukoil association	Petroleum exploration operations	Romania	12.2	10

Company	Fair value as of December 31, 2018 '000 RON	Cost as of December 31, 2017 '000 RON	Impairment as of December 31, 2017 '000 RON	Carrying value as of December 31, 2017 '000 RON
Electrocentrale București S.A*).	4,457	64,310	-	64,310
Patria Bank S.A.**)	68	840	(759)	81
Mi Petrogas Services S.A.	60	60	-	60
GHCL Upsom	-	17,100	(17,100)	-
Lukoil association	5,227	10,454	(5,227)	5,227
Total	**9,812**	**92,764**	**(23,086)**	**69,678**

*) The fair value of the investment in Electrocentrale Bucuresti at December 31, 2018 was determined based on restructuring plan in the insolvency proceedings. At the transition to IFRS 9 a decrease was recorded in retained earnings in the amount of RON 19,083 thousand; the remaining decrease was recorded in the annual result. The investment in Electrocentrale Bucuresti is not quoted.

**) Patria Bank's shares being quoted, the fair value at the end of the period is determined by taking into account the closing quotation of the share. The variation between the amount at December 31, 2018 and the amount at December 31, 2017 was recorded in the result of the period.

27. SEGMENT INFORMATION

a) Segment assets and liabilities

December 31, 2018	Upstream	Storage	Electricity	Other	Consolidation adjustments	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Property, plant and equipment	3,652,499	1,515,140	781,357	330,752	-	6,279,748
Other intangible assets	3,582	766	8	614	-	4,970
Investments in associates	-	-	-	23,298	-	23,298
Other financial investments	-	-	-	9,812	-	9,812
Deferred tax asset	-	1,415	-	126,076	-	127,491
Other financial assets	1	20	-	881,224	-	881,245
Inventories	212,020	16,079	3,432	14,461	-	245,992
Trade and other receivables	738,420	44,753	69,857	523	(27,507)	826,046
Contract assets	338,238	11,948	44,782	112	(2,403)	392,677
Contract costs	583	-	-	-	-	583
Cash and cash equivalents	28,429	17,068	4,115	517,224	-	566,836
Total assets	**4,791,669**	**1,596,217**	**861,611**	**1,912,909**	**(27,507)**	**9,134,899**
Retirement benefit obligation	-	8,134	-	131,120	-	139,254
Contract liabilities	46,370	-	-	11	-	46,381
Provisions	473,574	75,331	41,816	13,038	-	603,759
Trade payables	83,018	24,853	89,353	16,985	(27,507)	186,702
Current tax liabilities	-	2,198	-	65,803	-	68,001
Deferred revenue	141	-	20,994	8,435	-	29,570
Other liabilities	269,112	9,700	3,337	110,466	-	392,615
Total liabilities	**872,215**	**120,216**	**155,500**	**345,858**	**(27,507)**	**1,466,282**

December 31, 2017	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Consolidation adjustments	Total '000 RON
Property, plant and equipment	4,038,818	1,602,731	265,757	314,393	-	6,221,699
Other intangible assets	6,594	658	9	1,368	-	8,629
Investments in associates	-	-	-	22,676	-	22,676
Other financial investments	-	-	-	69,678	-	69,678
Deferred tax asset	-	-	-	69,965	-	69,965
Other financial assets	12	1,149	1,705	2,784,395	-	2,787,261
Inventories	334,504	34,173	3,608	17,230	-	389,515
Trade and other receivables	761,722	30,230	23,593	541	-	816,086
Other assets	275,799	4,018	3,243	22,853	-	305,913
Cash and cash equivalents	46,761	62,708	469	117,229	-	227,167
Total assets	**5,464,210**	**1,735,667**	**298,384**	**3,420,328**	**-**	**10,918,589**
Retirement benefit obligation	-	-	-	119,482	-	119,482
Provisions	649,901	97,456	1,345	10,262	-	758,964
Trade payables	493,753	3,803	89,050	19,503	-	606,109
Current tax liabilities	-	-	-	128,520	-	128,520
Deferred revenue	-	-	-	970	-	970
Other liabilities	199,843	5,010	5,261	118,990	-	329,104
Total liabilities	**1,343,497**	**106,269**	**95,656**	**397,727**	**-**	**1,943,149**

b) Segment revenues, results and other segment information

Year ended December 31, 2018	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustment and eliminations '000 RON	Total '000 RON
Revenue	4,522,558	355,135	388,514	356,486	(618,496)	5,004,197
Less: revenue between segments	(119,810)	(56,792)	(91,640)	(350,254)	618,496	-
Third party revenue	4,402,748	298,343	296,874	6,232	-	5,004,197
Interest income	74	456	10	52,739	-	53,279
Share of profit of associates	-	-	-	622	-	622
Depreciation, amortization and impairment	(468,252)	(97,631)	(8,624)	(16,783)	-	(591,290)
Impairment losses recognized during the period in profit or loss	(312,881)	(1,941)	(53,664)	(3,944)	-	(372,430)
Impairment losses reversed during the period in profit or loss	251,405	1,091	776	2,306	-	255,578
Segment profit before tax profit/(loss)	**1,478,584**	**7,347**	**(28,681)**	**125,934**	**-**	**1,585,184**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Year ended December 31, 2017 (restated)	Upstream	Storage	Electricity	Other	Adjustment and eliminations	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	3,760,366	566,246	545,317	264,544	(551,287)	4,585,186
Less: revenue between segments	(155,403)	(60,434)	(81,141)	(254,309)	551,287	-
Third party revenue	3,604,963	505,812	464,176	10,235	-	4,585,186
Interest income	321	1,488	26	20,515	-	22,350
Interest expense	(3)	-	-	-	-	(3)
Share of profit of associates	-	-	-	1,375	-	1,375
Depreciation, amortization and impairment	(451,609)	(95,422)	(6,878)	(19,148)	-	(573,057)
Impairment losses recognized during the period in profit or loss	(228,784)	(1,468)	(223)	(640)	-	(231,115)
Impairment losses reversed during the period in profit or loss	247,517	2,118	541	1,550	-	251,726
Segment profit before tax profit/(loss)	**1,716,204**	**255,544**	**102,974**	**45,030**	**-**	**2,119,752**

In the year ended December 31, 2018, the Group's four largest clients each individually represents more than 10% of revenue, sales to these clients being of RON 1,389,897 thousand, RON 896,835 thousand, RON 687,682 thousand, respectively RON 515,611 thousand (in the year ended December 31, 2017 the Group's three largest customers represented individually, over 10% of revenue, sales to these clients being of RON 1,291,627 thousand, RON 1,131,379 thousand, respectively RON 659,023 thousand), together totaling 70% of total revenue (year ended December 31, 2017: 67%). Of the total revenue generated by those four clients, 3.66% are shown in the "Storage" segment and 96.19% in the "Upstream" segment (year ended December 31, 2017: 5.24% in the "Storage" segment, 94.16% in the "Upstream" segment).

28. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Current bank accounts in RON *)	87,305	63,009
Current bank accounts in foreign currency	1,018	451
Petty cash	31	29
Term deposits in RON	372,610	73,507
Restricted cash **)	105,870	90,158
Amounts under settlement	2	13
Total	**566,836**	**227,167**

*) Current bank accounts include overnight deposits.

**) Restricted cash includes bank accounts used strictly for VAT transactions, as Romgaz opted in to the application of the split-VAT system (RON 103,287 thousand). It also includes bank accounts used only for dividend payments to shareholders, according to stock market regulations (RON 2,583 thousand).

29. OTHER FINANCIAL ASSETS

Other financial assets represent mainly treasury bonds and deposits with a maturity of over 3 months, from acquisition date.

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Treasury bonds in RON	532,447	393,694
Bank deposits in RON	330,758	2,387,079
Accrued interest receivable	2,690	4,382
Accrued interest on bonds	15,350	2,106
Total other financial assets	**881,245**	**2,787,261**

30. COMMITMENTS UNDERTAKEN

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Endorsements and collaterals granted	65,838	151,911
Total	**65,838**	**151,911**

In 2017, Romgaz signed a credit agreement with Raiffeisen Bank SA representing a facility for issuing letters of guarantee, and opening letters of credit for a maximum amount of USD 100,000 thousand. On December 31, 2018 are still available for use USD 86,880 thousand.

As of December 31, 2018, the Group's contractual commitments for the acquisition of non-current assets are of RON 832,732 thousand (December 31, 2017: RON 1,551,675 thousand), of which, the contract for CET Iernut development represents RON 408,123 thousand.

31. COMMITMENTS RECEIVED

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Endorsements and collaterals received	1,553,895	1,534,757
Total	**1,553,895**	**1,534,757**

Endorsements and collateral received represent letters of guarantee and other performance guarantees received from the Group's clients.

32. EFFECTS OF VOLUNTARY CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

(a) In 2018 the management of the Group modified on voluntary basis the accounting for seismic, geological, geophysical and other similar exploration activities, effective January 1, 2018.

Until March 31, 2018 these activities were accounted as intangible exploration assets, in accordance with the accounting policy used before transition to IFRS, as permitted by IFRS 6. Starting with the second quarter of 2018 these are expensed as incurred, in line with the successful efforts method. This way of accounting is more consistent with the international practice, making the financial statements more relevant to the users.

(b) The Group modified the computation method for the decommissioning provision by replacing the weighted average cost of capital with the interest rate on long-term treasury bonds as a discount factor. The amendment was intended to align with the practice commonly used in calculating this provision.

In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", these changes are explained by the alignment with accounting standards largely adopted by oil & gas companies and as such they have been applied retrospectively.

(c) In 2018, the Group reconsidered the depreciation of the gas cushion, recognized as a fixed asset. This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics. As a result of this analysis, the Group concluded that depreciation for these fixed assets should not have been recorded as the residual value is higher than the cost. Therefore, the Group corrected the depreciation retrospectively by restating earlier periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

To reflect the changes and corrections above and to ensure the comparability of the information presented in this set of financial statements, previous periods have been restated and presented as if they had always been applied.

The restatement required an adjustment of the opening balance of the consolidated retained earnings and other comparative amounts as of January 1, 2017.

Effect of restatement on consolidated financial position

	January 1, 2017 (before restated)	Effect of change in accounting policy	Effect of correction of accounting errors	January 1, 2017 (restated)	December 31, 2017 (before restatement)	Effect of change in accounting policy	Effect of correction of accounting errors	December 31, 2017 (restated)
	'000 RON	'000 RON (a) + (b)	'000 RON (c)	'000 RON	'000 RON	'000 RON (a) + (b)	'000 RON (c)	'000 RON
Property, plant and equipment	5,789,262	291,121	59,052	6,139,435	5,842,366	311,235	68,098	6,221,699
Other intangible assets	397,864	(383,273)	-	14,591	412,284	(403,655)	-	8,629
Deferred tax asset	-	27,501	(9,448)	18,053	1,464	79,397	(10,896)	69,965
Retained earnings	6,291,685	(355,024)	49,604	5,986,265	6,635,380	(415,096)	57,202	6,277,486
Deferred tax liabilities	40,123	(40,123)	-	-	-	-	-	-
Long term and short term provisions	244,485	330,496	-	574,981	356,891	402,073	-	758,964

Effect of restatement on consolidated comprehensive income

	Year ended December 31 (before restatement) '000 RON	Effect of change in accounting policy '000 RON (a) + (b)	Effect of correction of accounting errors '000 RON (c)	Year ended December 31, 2017 (restated) '000 RON
Other gains and losses	(120,335)	(1,733)		(122,068)
Amortization and depreciation	(548,869)	(12,622)	9,045	(552,446)
Exploration expense	(137,083)	(46,038)	-	(183,121)
Finance cost	(18,624)	(167)		(18,791)
Other expenses	(1,090,649)	(11,284)		(1,101,933)
Profit before tax	2,182,551	(71,844)	9,045	2,119,752
Income tax expense	(326,443)	11,772	(1,447)	(316,118)
Profit for the year	1,856,108	(60,072)	7,598	1,803,634
The effect on the basic and diluted earnings per share	0.0048	0.0000	0.0000	0.0048

Effect of restatement on consolidated cash flow

	Year ended December 31 (before restatement) '000 RON	Effect of change in accounting policy '000 RON (a) + (b)	Effect of correction of accounting errors '000 RON (c)	Year ended December 31, 2017 (restated) '000 RON
Net cash generated by operating activities	2,799,033	(47,771)	-	2,751,262
Net cash generated by investing activities	(632,823)	47,771	-	(585,052)

33. CONTINGENCIES

(a) *Litigations*

The Company is subject to several legal actions arisen in the normal course of business. The management of the Company considers that they will have no material adverse effect on the results and the financial position of the Company.

On December 28, 2011, 27 former and current employees were notified by DIICOT regarding an investigation related to sale contracts signed with one of the Company's clients for allegedly unauthorized discounts granted to this client during the period 2005-2010. DIICOT mentioned that this may have resulted in a loss of USD 92,000 thousand for the Company. On that sum, an additional burden to the state budget consists of income tax in amount of USD 15,000 thousand and VAT in amount of USD 19,000 thousand. The internal analysis carried out by the Company's specialized departments concluded that the agreement was in compliance with the legal provisions and all discounts were granted based on Orders issued by the Ministry of Economy and Finance and decisions of the General Shareholders' Board and Board of Directors. The management of the Company believes the investigation will not have a negative impact on the financial statements, to justify the registration of an adjustment. The Company is fully cooperating with DIICOT in providing all information necessary. On March 18 2014, Romgaz received an address from DIICOT, by which the investigators ordered an accounting expertise, indicating the objectives of the expertise.

Romgaz was notified that, as injured party, it may submit comments relating to objectives of the expertise (additions/changes), and may appoint an additional expert to participate in the expertise.

Thus, Romgaz proceeded to identify and appoint an expert with accounting and financial expertise that can participate to the expertise. After the report was completed, the parties could submit objections by November 2, 2015.

On March 16, 2016, DIICOT – Central Structure informed the persons involved in the cause about the start of legal actions against them. At the request of investigators, the Company announced that in case of a prejudice being established during the investigation, the Company will join the case as civil party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

In November 2016, DIICOT informed the Company the prejudice established in amount of RON 282,630 thousand. Following this request, Romgaz announced that will join the case as a civil party for the amount of RON 282,630 thousand to recover this amount from the respective client and any other person that may be found guilty for causing the prejudice.

In June 2017, DIICOT issued a press release announcing the referral to court of several persons involved in the case. In January 2018, the High Court of Cassation and Justice ruled that the indictment prepared by DIICOT was not legal; the ruling is not definitive.

(b) *Taxation*

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties. In Romania, tax periods remain open for fiscal verification for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

(c) *Environmental contingencies*

Environmental regulations are developing in Romania and the Group has not recorded any liability at December 31, 2018 for any anticipated costs, including legal and consulting fees, impact studies, the design and implementation of remediation plans related to environmental matters, except the amount of RON 530,466 thousand (December 31, 2017: RON 713,157 thousand), representing the decommissioning liability.

Green-house gas emission certificates (CO2 certificates)

In accordance with Government Decision no. 1096/2013 for the approval of the mechanism for free transitional allocation of green-house gas emission certificates to electricity producers for the period 2013-2020, Annex no. 3 "National Investment Plan" position 22, Romgaz is included with the investment project "Combined cycle with gas turbines".

According to Annex no. 1 of the same decision, S.N.G.N. Romgaz S.A. was allocated for CTE Iernut 274,882 greenhouse gas certificates (EUA) for 2018.

As of December 31, 2018, Romgaz holds in the Greenhouse Gas Emissions Unique Registry 279,103 CO2 certificates, after meeting compliance obligations for the previous years and submitting the certificates to the Registry.

For the deficit between actual emissions and certificates held, the Group recognizes a provision measured at the best estimate of expenditure required to settle the obligation, namely the market price of the emission rights at reporting date. As of December 31, 2018 the Group records a deficit of 355,035 certificates for which it recorded a provision of RON 40,109 thousand (note 19).

According to EU Regulation No. 1123/2013 of November 8, 2013 regarding the establishment of the rights to international credits, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, the Protocol to the Framework-Convention of the United Nations on Climate Change (Kyoto Protocol) sets up two mechanisms for the creation of international credits that Companies can use to reduce emissions. Joint Implementation provides for the creation of emission reduction units (ERU), while the Clean Development Mechanism (CDM) provides for the creation of certified emission reductions (CER). Industries that fall under the European Trading System of atmosphere emissions (EU ETS) can use these credits to offset their obligations on emissions of greenhouse gas. In this respect, Romgaz holds as linking availability (correlation availability EUA – ERU certificates) a number of 51,598 ERU certificates available to be used for compliance in the 2013-2020 period.

According to Government Decision no 1096/December 17, 2013, Romgaz was allocated CO2 certificates as follows:

		Annual Allocation (tCO_2/year)							
Operator	Installation	2013	2014	2015	2016	2017	2018	2019	2020
SNGN Romgaz - S.A.	SNGN Romgaz - S.A - CTE Iernut	962,085	824,645	687,204	549,763	412,322	274,882	137,441	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

(d) *Controls by The Romanian Court of Accounts*

In year ended 2016, the Company came under scrutiny from the Romanian Court of Accounts.

One of the Romanian Court of Accounts' conclusions is that during 2013-2015 Romgaz delivered gas on the regulated market over the quantities it was legally allowed to, according to the existing legislation. The price on the regulated market being lower than the one on the free market, The Romanian Court of Accounts issued Decision number 26/01.06.2016 and ordered Romgaz to determine and to recover the prejudice as a price difference on gas quantities delivered on the regulated market over its legal obligation, having January 2017 as due date for implementation. The alleged prejudice estimated by the Court of Accounts is over RON 160 million. Romgaz appealed the decision, but the Court of Accounts dismissed the appeal. Subsequently, the Company started legal proceedings against the Court of Accounts' decision no. 26/01.06.2016 and, also, contracted legal services for the annulment of the Court of Accounts' decision and to carry out the measures ordered by the Court of Accounts' decision. The legal case against the Court of Accounts was resolved by the Court of Appeal Alba Iulia, maintaining the findings and measures of Decision no. 26/2016 issued by the Court of Accounts, except for one measure.

The Company's management respects the decision taken by the Court of Appeal Alba Iulia and will implement the measures established by the Court of Accounts.

34. JOINT ARRANGEMENTS

In January 2002, Romgaz signed a petroleum agreement with Amromco for rehabilitation operations in order to achieve additional production in 11 blocks, namely: Bibeşti, Strâmba, Finta, Fierbinţi-Târg, Frasin-Brazi, Zătreni, Boldu, Roşioru, Gura-Şuţii, Balta-Albă and Vlădeni. For the base production, Romgaz holds a share of 100% and for the additional production, Romgaz owns a share of 50% and Amromco Energy SRL - 50%. As the agreement was signed to execute rehabilitation operations to obtain additional production, the mandatory work program is in accordance with the studies approved by ANRM. Accordingly, the annual work program, which includes both works provided in the studies and other works necessary and proposed by the partners, is approved annually by the Board of the joint arrangement before the start of each year. The duration of the joint arrangement is in line with the time frame of each individual concession agreement of the 11 perimeters stated above, which differs for each block.

The agreement with Schlumberger was terminated in 2018.

35. AUDITOR'S FEES

The fee charged by the Group's statutory auditor, S.C. Ernst & Young Assurance Services S.R.L. for the audit of 2018 financial statements is RON 472 thousand.

The fees charged by the Group's statutory auditor (S.C. Ernst & Young Assurance Services S.R.L starting December 2018, and S.C. Deloitte Audit S.R.L until August 2018) for other assurance services, provided in 2018 or related to 2018 are RON 197 thousand.

36. EVENTS AFTER THE BALANCE SHEET DATE

The litigation with the Court of Accounts mentioned in note 33 d) was resolved by the Court of Appeal Alba Iulia, maintaining the findings and measures of Decision no. 26/2016 issued by the Court of Accounts, except for one measure.

The Company's management respects the decision taken by the Court of Appeal Alba Iulia and will implement the measures established by the Court of Accounts.

The financial statements do not contain adjustments for this matter.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

ROMGAZ

Societatea Naţională de Gaze Naturale Romgaz S.A. Mediaş România

ROMGAZ

STATEMENT
in accordance with the provisions of art. 63 (2) c) of Law No. 24/2017
regarding issuers of financial instruments and market operations

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Entity: Societatea Nationala de Gaze Naturale ROMGAZ S.A.
County: 32--SIBIU
Address: MEDIAŞ, 4 C.I. Motaş Square, tel. +40374401020
Registration Number in the Trade Register: J32/392/2001
Form of Property: 26- Companies with both state and private capital foreign and domestic (State capital >=50%)
Main activity (CAEN code and denomination): 0620—Natural Gas Production
Tax Identification Number: 14056826

The undersigned, DORIN-LIVIU NISTORAN as Chairman of The Board of Directors,
ADRIAN CONSTANTIN VOLINTIRU as CEO and
ANDREI BOBAR as CFO,

hereby confirm that according to our knowledge, the annual consolidated financial statements for the year ended December 31, 2018, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and Order of Ministry of Public Finance no. 2844/2016 for the approval of Accounting regulations in accordance with International Financial Reporting Standards, offer a true and fair view of the assets, liabilities, financial position, statement of profit and loss of the Group and that the Board of Directors' report comprises a fair analysis of the development and performance of the Group, as well as a description of the main risks and incertitudes specific to its activity. The Group is a going concern.

Chairman of the Board of Directors,
DORIN-LIVIU NISTORAN

CEO,
ADRIAN CONSTANTIN VOLINTIRU

CFO,
ANDREI BOBAR

S.N.G.N. ROMGAZ S.A.

INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

PREPARED IN ACCORDANCE WITH

INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION
AND
MINISTRY OF FINANCE ORDER 2844/2016

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SNGN ROMGAZ S.A.

Report on the Audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of SNGN ROMGAZ S.A (the Company) with official head office in Mediaş, Piaţa Constantin I. Motaş. nr. 4, cod 551130, Sibiu county, Romania, identified by sole fiscal registration number RO 14056826, which comprise the statement of financial position as at December 31, 2018 and the statement of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2018 and of its financial performance and its cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter
Estimation of gas reserves used in impairment testing and the calculation of depreciation and amortisation The Company's disclosures about estimation of gas reserves are included in Note 2 (sections "Exploration and appraisal assets" and "Use of estimates") to the financial statements.	
Gas reserves are important to our audit because they have a very significant impact on the financial statements, as they are the basis for production estimates used in the Company's cash flow forecasts for impairment testing and they are also the basis for unit of production depreciation and amortization for the core assets in the Upstream segment. The estimation of gas reserves requires the Company's management and engineers to make significant judgement and assumptions.	We assessed the management's estimation process in the determination of gas reserves. Specifically, our work included, but was not limited to, the following procedures: - We performed a detailed understanding of the Company's internal process and related documentation flow and key controls associated with the gas reserves estimation process; - We tested the Company's key controls over the gas reserves review process; - We analysed the certification process for technical and commercial specialists who are responsible for gas reserves estimation; we also assessed the competence, capabilities and objectivity of management specialists; - We tested whether significant increases or reductions in gas reserves were made in the period in which the new information became available and in compliance with the Agentia Nationala de Resurse Minerale ("ANRM") standards;

- We compared total reserves determined by the Company's internal specialists for all fields, resulting in studies approved by the National Agency of Mineral Resources with reserves estimated by the external specialists in their report prepared as at 31 December 2017
- We compared the gas reserves with the assumptions used in the cash flows for the impairment test

We further assessed the adequacy of the Company's disclosures about impairment testing and calculation of depreciation, and amortization.

Impairment testing of production assets in the Upstream Gas segment
The Company's disclosures about its impairment testing are included in Note 2 (Judgements, Estimates and Assumptions) and in Note 12 (Property, Plant and Equipment) to the financial statements

Impairment testing is important to our audit because of the carrying value of the Upstream property, plant and equipment of RON 2,392 million as at 31 December 2018.

International Financial Reporting Standards require an entity to assess whether indicators of impairment exist. Management considered that the recent changes brought by new legislation in 2018, which will reduce the profitability of the Company, constitute impairment indicators and, consequently, has carried out an impairment test for the production assets in the Upstream Gas segment which resulted in an additional impairment of RON 141.8 million.

The impairment test is significant to our audit because the assessment process is complex, requires significant management judgment and is based on assumptions that are affected by expected future market conditions

In respect of impairment testing, our work included, but was not limited to, the following procedures:

- We analysed and evaluated the management's assessment of the existence of impairment indicators in particular relating to recent changes in legislation;
- We reviewed the allocation of the carrying value of common infrastructure and corporate assets to each CGU (field)
- We evaluated the management's assessment of the recoverability of the carrying value of property, plant and equipment of the cash generating unit for which triggering events were identified;
- We tested the reasonability of future yearly production volumes per field based on actual production in 2018 and 2017;
- On a sample basis, we compared the remaining reserves per field in the impairment test as of 31 December 2018 with the latest ANRM approved reserve reports;

- We compared the main assumptions used in the impairment test (gas prices, operating costs, production volumes, gas reserves and discount rate) with the current forecasts approved as part of the Company's mid-term planning process;
- We assessed the historical accuracy of management's budgets and forecasts by comparing them to actual performance in prior years;
- We used our internal valuation specialists to assist us in evaluating the key assumptions and methodologies used by the Company for the impairment testing of upstream productions assets (checked the mathematical accuracy of model, its conformity with the requirements of the International Financial Reporting Standards and discount rates used)

We also assessed the adequacy of the Company's disclosures in the financial statements

Estimation of decommissioning and restoration provisions
The Company's disclosures about decommissioning, restoration and environmental obligations are included in Note 2 (Judgements, Estimates and Assumptions) and Note 19 (Provisions) to the financial statements.

The Company's core activities regularly lead to obligations related to dismantling and removal of equipment and installations, asset retirement and soil remediation activities. The decommissioning and restoration provision is important to our audit because of its magnitude (carrying value of RON 530.5 million at 31 December 2018) and because management makes estimates and judgments in determining the respective provisions.

The key estimates and assumptions relate to the envisaged future dismantling costs, forecasted inflation rates and discount rates to determine the present value of the obligations.

Our work in respect of management's estimation of decommissioning and restoration provisions included, but was not limited to, the following procedures:

- We performed a detailed understanding of the Company's internal provision estimation process and the related documentation flow and assessed the design and implementation of the controls within the process;
- We compared the current estimates of decommissioning, restoration and environmental costs with the actual costs incurred in previous periods
- We reviewed the timing of works to be performed for surface and subsurface decommissioning for wells;

- We inspected supporting evidence for any material revisions in cost estimates during the year;
- We involved our valuation specialists to assist us in performing industry bench marking and analysis over discount rates and inflation rates;
- We tested the mathematical accuracy of management's decommissioning and restoration provision calculations;
- We assessed the competence, capabilities and objectivity of management specialists

We also assessed the adequacy of the Company's disclosures in the financial statements relating to decommissioning and restoration obligations.

Other matters

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor, who expressed an unmodified opinion dated 22 March 2018.

Other information

The other information comprises the Annual Report (which includes the Directors' Report, the Report on Payments to Governments for mining activities and the Corporate Governance Statement), but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of our auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the financial statements and Our Auditors' Report Thereon

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

a) in the Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2018;
b) the Directors' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 - 19 and 26-28;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at December 31, 2018, we have not identified information included in the Directors' Report that contains a material misstatement of fact.

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Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 06 December 2018 to audit the financial statements for the financial year end December 31, 2018. Total uninterrupted engagement period, for the statutory auditor, has lasted for one year, covering the year ended December 31, 2018.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 20 March 2019.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and other audit related services as disclosed in the annual report and in the financial statements, no other services were provided by us to the Company, and its controlled undertakings.

On behalf of

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

Registered in the electronic Public Register under No. 77

Ernst & Young Assurance Services S.R.L.
25. MAR. 2019
Signed for identification
Semnat pentru identificare

Name of the Auditor/ Partner: Alexandru Lupea
Registered in the electronic Public Register under No. 273

Bucharest, Romania
25 March 2019

STATEMENT OF INDIVIDUAL FINANCIAL POSITION AS OF DECEMBER 31, 2018

	Note	Year ended December 31, 2018	Year ended December 31, 2017 (restated)*)
		'000 RON	'000 RON
Continuing operations			
Revenue	3	4,851,124	4,079,374
Cost of commodities sold	5	(245,162)	(61,088)
Investment income	4	52,838	20,862
Other gains and losses	6	(103,168)	(120,340)
Impairment losses on trade receivables	16	(19,941)	-
Changes in inventory of finished goods and work in progress		(10,572)	(114,626)
Raw materials and consumables used	5	(63,538)	(54,633)
Depreciation, amortization and impairment expenses	7	(708,076)	(552,446)
Employee benefit expense	8	(563,756)	(508,062)
Finance cost	9	(29,724)	(18,791)
Exploration expense	13	(247,123)	(183,121)
Other expenses	10	(1,414,767)	(1,028,996)
Other income	3	14,719	363,971
Profit before tax from continuing operations		**1,512,854**	**1,822,104**
Income tax expense	11	(207,418)	(259,672)
Profit for the year from continuing operations		**1,305,436**	**1,562,432**
Profit for the year from discontinued operations	29	55,111	239,842
Total profit for the year		1,360,547	1,802,274
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on post-employment benefits	19 c)	(18,994)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	3,039	-
Total items that will not be reclassified subsequently to profit or loss		**(15,955)**	-
Other comprehensive income for the year net of income tax		**(15,955)**	-
Total comprehensive income for the year		**1,344,592**	**1,802,274**

*) see note 32

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Societatea Națională de Gaze Naturale "ROMGAZ" S.A. MEDIAȘ J32/392/2001 1

Andrei Bobar
Chief Financial Officer

STATEMENT OF INDIVIDUAL FINANCIAL POSITION AS OF DECEMBER 31, 2018

	Note	December 31, 2018	December 31, 2017 (restated) *)	January 1, 2017 (restated) *)
		'000 RON	'000 RON	'000 RON
ASSETS				
Non-current assets				
Property, plant and equipment	12	6,241,906	6,221,699	6,139,435
Other intangible assets	14	4,735	8,629	14,591
Investments in subsidiaries	25 a)	66,056	1,200	1,200
Investments in associates	25 b)	120	120	120
Deferred tax asset	11	126,075	69,965	18,053
Other financial investments	26	9,812	69,678	69,657
Total non-current assets		**6,448,704**	**6,371,291**	**6,243,056**
Current assets				
Inventories	15	229,912	389,515	575,983
Trade and other receivables	16 a)	808,799	816,086	828,610
Contract costs		583	-	-
Other financial assets	28	881,225	2,786,166	2,892,751
Other assets	16 b)	167,902	305,908	141,526
Cash and cash equivalents	27	549,768	227,165	280,526
Total current assets		**2,638,189**	**4,524,840**	**4,719,395**
Total assets		**9,086,893**	**10,896,131**	**10,962,451**
EQUITY AND LIABILITIES				
Equity				
Share capital	17	385,422	385,422	385,422
Reserves	18	1,823,687	2,312,532	3,020,152
Retained earnings		5,429,843	6,255,028	5,965,167
Total equity		**7,638,952**	**8,952,982**	**9,370,741**
Non-current liabilities				
Retirement benefit obligation	19	131,120	119,482	119,986
Deferred revenue	20	21,128	-	-
Provisions	19	510,114	682,041	524,239
Total non-current liabilities		**662,362**	**801,523**	**644,225**

STATEMENT OF INDIVIDUAL FINANCIAL POSITION AS OF DECEMBER 31, 2018

	Note	December 31, 2018	December 31, 2017 (restated) *)	January 1, 2017 (restated) *)
		'000 RON	'000 RON	'000 RON
Current liabilities				
Trade payables	21	189,355	606,109	569,941
Contract liabilities	21	46,381	-	-
Current tax liabilities		65,803	128,520	60,295
Deferred revenue	20	8,442	970	4,924
Provisions	19	92,684	76,923	50,742
Other liabilities	21	382,914	329,104	261,583
Total current liabilities		**785,579**	**1,141,626**	**947,485**
Total liabilities		**1,447,941**	**1,943,149**	**1,591,710**
Total equity and liabilities		**9,086,893**	**10,896,131**	**10,962,451**

*) see note 32

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

STATEMENT OF INDIVIDUAL CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Share capital	Legal reserve	Other reserves (note 18)	Retained earnings **)	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2018 (before restatement) (note 32)	**385,422**	**77,084**	**2,235,448**	**6,612,922**	**9,310,876**
Effect of voluntary change in accounting policy (note 32)	-	-	-	(415,096)	(415,096)
Effect of correction of accounting errors (note 32)	-	-	-	57,202	57,202
Balance as of January 1, 2018 (restated)	**385,422**	**77,084**	**2,235,448**	**6,255,028**	**8,952,982**
Total comprehensive income for the year	-	-	-	1,360,547	1,360,547
Allocation to dividends *)	-	-	(716,886)	(1,923,258)	(2,640,144)
Allocation to other reserves	-	-	185,563	(185,563)	-
Effect of change in accounting policies due to new IFRSs (note 2)	-	-	-	(18,478)	(18,478)
Increase in reinvested profit reserves	-	-	42,478	(42,478)	-
Other comprehensive income for the year	-	-	-	(15,955)	(15,955)
Balance as of December 31, 2018	**385,422**	**77,084**	**1,746,603**	**5,429,843**	**7,638,952**
Balance as of January 1, 2017 (before restatement) (note 32)	**385,422**	**77,084**	**2,943,068**	**6,270,587**	**9,676,161**
Effect of voluntary change in accounting policy (note 32)	-	-	-	(355,024)	(355,024)
Effect of correction of accounting errors (note 32)	-	-	-	49,604	49,604
Balance as of January 1, 2017 (restated)	**385,422**	**77,084**	**2,943,068**	**5,965,167**	**9,370,741**
Total comprehensive income for the year (not restated)(note 32)	-	-	-	1,848,510	1,848,510
Allocation to dividends *)	-	-	(747,719)	(1,472,314)	(2,220,033)
Allocation to other reserves	-	-	16,309	(16,309)	-
Comprehensive income for the year (Effect of change in accounting policy) (note 32)	-	-	-	(53,834)	(53,834)
Comprehensive income for the year (Effect of correction of accounting errors) (note 32)	-	-	-	7,598	7,598
Increase in reinvested profit reserves	-	-	23,790	(23,790)	-
Balance as of December 31, 2017 (restated)	**385,422**	**77,084**	**2,235,448**	**6,255,028**	**8,952,982**

*) In 2018 the Company's shareholders approved the allocation of dividends of RON 2,640,144 thousand (2017: RON 2,220,033 thousand), dividend per share being RON 6.85 (2017: 5.76 RON /share).

**) Retained earnings include the geological quota reserve set up in accordance with the provisions of Government Decision no. 168/1998 on the establishment of the expense quota for the development and modernization of oil and natural gas production, refining, transportation and oil distribution. Following the Company's transition to IFRS, the reserve was no longer set up, the reserve existing as of December 31, 2012 being included in retained earnings. These result is allocated based on the depreciation, respectively write-off of the assets financed using this source, based on decision of General Meeting of Shareholders. As of December 31, 2018 the geological quota reserve is of RON 1,503,982 thousand (December 31, 2017: RON 1,781,845 thousand).

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

The accompanying notes form an integrant part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF INDIVIDUAL CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2018

	Year ended December 31, 2018	Year ended December 31, 2017 (restated)*)
	'000 RON	'000 RON
Cash flows from operating activities		
Net profit	**1,360,547**	**1,802,274**
Adjustments for:		
Income tax expense (note 11)	218,262	316,118
Interest expense (note 9)	-	3
Unwinding of decommissioning provision (note 9, note 19)	29,724	18,788
Interest revenue (note 4)	(53,017)	(22,349)
Net loss on disposal of non-current assets (note 6)	62,949	74,401
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 19)	(34,390)	22,978
Change in other provisions (note 19)	19,169	11,389
Net impairment of exploration assets (note 7, note 12, note 13)	(118,809)	(45,100)
Exploration projects written off (note 13)	149,620	135,350
Net impairment of property, plant and equipment and intangibles (note 7, note 12)	235,661	24,489
Depreciation and amortization (note 7)	591,224	573,057
Amortization of contract costs	1,291	-
Impairment of investment in associates (note 6)	-	(12,462)
Impairment of other financial investments (note 6)	-	(21)
Change in investments at fair value through profit and loss (note 6)	40,782	-
Loss from disposal of investment in associates and other financial investments (note 6)	-	12,308
Net receivable write-offs and movement in allowances for trade receivables and other assets	20,048	38,575
Net movement in write-down allowances for inventory (note 6, note 15)	(2,052)	8,147
Liabilities written off	(58)	(610)
Subsidies income	(269)	(150)
	2,520,682	**2,957,185**
Movements in working capital:		
(Increase)/Decrease in inventory	143,138	178,363
(Increase)/Decrease in trade and other receivables	10,062	(180,283)
Increase/(Decrease) in trade and other liabilities	(201,729)	105,983
Cash generated from operations	**2,472,153**	**3,061,248**
Interest paid	-	(3)
Income taxes paid	(334,050)	(309,956)
Net cash generated by operating activities	**2,138,103**	**2,751,289**

The accompanying notes form an integrant part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF INDIVIDUAL CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2018

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 (restated)*) '000 RON
Cash flows from investing activities		
Payments to increase the investment in associates	-	(144)
Investment in subsidiaries	(48,800)	-
Net collections/(payments) related to other financial assets	1,916,474	104,964
Interest received	49,096	20,908
Proceeds from sale of non-current assets	7,223	207
Acquisition of non-current assets	(916,695)	(479,797)
Acquisition of exploration assets	(205,371)	(231,496)
Proceeds from disposal of associates	-	298
Net cash used in investing activities	**801,927**	**(585,060)**
Cash flows from financing activities		
Dividends paid	(2,638,535)	(2,220,003)
Subsidies received (note 20)	21,108	413
Net cash used in financing activities	**(2,617,427)**	**(2,219,590)**
Net increase/(decrease) in cash and cash equivalents	**322,603**	**(53,361)**
Cash and cash equivalents at the beginning of the year	**227,165**	**280,526**
Cash and cash equivalents at the end of the year	**549,768**	**227,165**

***) see note 32**

These financial statements were endorsed by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru
Chief Executive Officer

Andrei Bobar
Chief Financial Officer

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. BACKGROUND AND GENERAL BUSINESS

Information regarding S.N.G.N. Romgaz S.A. (the "Company"/"Romgaz")

S.N.G.N. Romgaz S.A. is a joint stock company, incorporated in accordance with the Romanian legislation.

The Company's headquarter is in Mediaş, 4 Constantin I. Motaş Square, 551130, Sibiu County.

The Romanian State, through the Ministry of Energy, is the majority shareholder of S.N.G.N. Romgaz S.A. together with other legal and physical persons (note 17).

Romgaz has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensed reserves;
2. operation, production and usage, including trading, of mineral resources;
3. natural gas production for:

- ensuring the storage flow continuity;
- technological consumption;
- delivery in the transportation system.

4. commissioning, interventions, capital repairs for wells equipping the deposits, as well as the natural gas resources extraction wells, for its own activity and for third parties;
5. electricity production and distribution;

Starting April 1, 2018, Romgaz no longer performs the underground storage of natural gas (note 29).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The individual financial statements ("financial statements") of the Company have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Ministry of Finance Order 2844/2016 to approve accounting regulations in accordance with IFRS (MOF 2844/2016). For the purposes of the preparation of these financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB), however, the differences have no material impact on the Company's financial statements for the periods presented.

In 2018, the Company modified on voluntary basis, the criterion to recognize seismic, geological, geophysical and similar activities as exploration expenses as incurred, rather than exploration assets, in accordance with the successful efforts method. This approach is widely used in the oil and gas business. The management believes that by adopting this method the Company's financial statements are better comparable to those of other companies in the industry.

In addition, the Company modified the computation method for the decommissioning provision by replacing the weighted average cost of capital with the interest rate on long-term treasury bonds as a discount factor. The amendment was intended to align with the practice commonly used in calculating this provision.

In 2018, the Company reconsidered the depreciation of the gas cushion as a fixed asset. This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics. As a result of this analysis, the Company concluded that depreciation for these fixed assets should not have been recorded as the residual value is higher than the cost. Therefore, the Company corrected the depreciation retrospectively by restating earlier periods.

The effect of the above is presented in note 32.

Except for the changes and corrections above and the effects of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments", presented below, the same accounting policies and methods of computation are used in these financial statements as compared with the most recent annual financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below.

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei. Unless otherwise stated, the amounts are presented in thousand lei (thousand RON).

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

These financial statements are prepared for general purposes, for users familiar with the IFRS as adopted by EU; these are not special purpose financial statements. Consequently, these financial statements must not be used as sole source of information by a potential investor or other users interested in a specific transaction.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 "Inventory" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance to the Company of the inputs to the fair value measurement, which are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 inputs are unobservable inputs for the asset or liability.

Subsidiaries

A subsidiary is an entity controlled by the Company. In establishing the existence of control, the Company analyses the following:

- if it has authority over the invested entity;
- if it is exposed to, or has rights to variable returns from its involvement in the invested entity;
- if it has the ability to use its authority over the invested entity to affect these returns;

The investment in a subsidiary is recognized at cost less accumulated impairment.

Associated entities

An associate is a company over which the Company exercises significant influence through participation in decision making on financial and operational policies of the entity invested in. Investments are recorded at cost less accumulated impairment.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint ventures.

Joint operations

The Company recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation,
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

As joint operator, the Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

If the Company participates in, but does not have joint control of, a joint operation it accounts for its interest in the arrangement in accordance with the paragraphs above if it has rights to the assets, and obligations for the liabilities, relating to the joint operation.

If the Company participates in, but does not have joint control of, a joint operation, does not have rights to the assets, and obligations for the liabilities, relating to that joint operation, it accounts for its interest in the joint operation in accordance with the IFRSs applicable to that interest.

Joint ventures

As a partner in a joint venture, in its financial statements, the Company recognizes its interest in a joint venture as investment, at cost, if it has joint control.

Standards and interpretations valid for the current period

The following standards and amendments or improvements to existing standards issued by the IASB and adopted by the EU have entered into force for the current period:

- Amendments to IAS 40 Transfers of Investment Property (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after January 1, 2018);
- Annual Improvements to IFRS Standards 2014–2016 Cycle (effective for annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4: Insurance Contracts (effective for annual periods beginning on or after January 1, 2018);
- Clarifications to IFRS 15: Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018);
- IFRS 9: Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 15: Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 (effective for annual periods beginning on or after January 1, 2018);
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after January 1, 2018).

The adoption of these amendments, interpretations or improvements to existing standards has not led to changes in the Company's accounting policies except for IFRS 15 and IFRS 9. The effects of these standards on the Company's financial statements are presented below.

The impact of adopting IFRS 15: Revenue from Contracts with Customers

Beginning with 2018 the Company applies IFRS 15 for the recognition of revenue from contracts with customers. The Company elected to apply the standard retrospectively, with the cumulative effect of initial application recognized at the application date as an adjustment to the opening balance of retained earnings. Under this method, previous periods are not restated. The cumulative effect of the initial application of IFRS 15 was recognized as an adjustment to the opening balance of retained earnings for contracts that were not finalized at the date of initial application, i.e. January 1, 2018.

The adoption of the new standard did not generate any changes in the timing and how revenue is recognized, but generated reclassification of various elements of the financial statements.

The Company adopted the practical expedient allowed by IFRS 15 not to adjust the amount of promised value for the effects of a significant funding component given that at contract inception, the Company expects that the period the Company transfers a promised good or service to a client and when the client pays for that good or service does not exceed one year.

The cumulative effect of retrospective restatement of IFRS 15 is presented below

Statement of comprehensive income for continued operations

	Year ended December 31, 2018 (before IFRS 15)	Effect of applying IFRS 15 at December 31, 2018	Year ended December 31, 2018 (after IFRS 15)
	'000 RON	'000 RON	'000 RON
Revenue *)	4,664,344	186,780	4,851,124
Other gains or losses	(123,109)	19,941	(103,168)
Losses from impairment on trade receivables	-	(19,941)	(19,941)
Other expenses **)	(1,414,745)	(22)	(1,414,767)
Other income *)	201,499	(186,780)	14,719
Profit before tax	1,512,876	(22)	1,512,854

*) Due to the application of IFRS 15, the Company has reconsidered the income obtained by invoicing services provided by third party suppliers, included in the selling price of the goods delivered. Thus, starting 2018, income previously recorded as "Other income" is presented as revenue.

**) According to the new standard, the costs of obtaining contracts are recognized as current assets, to be amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates; previously, these were recognized directly in the period's result.

Statement of financial position

	December 31, 2018 (before IFRS 15)	The effect of applying IFRS 15 at December 31, 2018	December 31, 2018 (after IFRS 15)
	'000 RON	'000 RON	'000 RON
Current assets			
Trade and other receivables *)	1,014,828	(206,029)	808,799
Contract costs **)	-	583	583
Equity			
Retained earnings	5,429,260	583	5,429,843
Current liabilities			
Trade payables *)	441,765	(252,410)	189,355
Contract liabilities *)	-	46,381	46,381

*) Contract liabilities are amounts received from customers, in accordance with the contract provisions, for goods and services to be delivered or rendered in the following period. These amounts will be recognized as revenue when those goods or services are delivered. Advances received up to the end of the reporting period relating to deliveries during the period, not offset, have been reclassified to contract assets; previously, contract liabilities were presented as trade payables.

**) According to the new standard, the costs of obtaining contracts are recognized as current assets, to be amortized on a systematic basis that is consistent with the transfer to the customer of goods and services to which the asset relates; previously, these were recognized directly in the period's result.

The impact of adopting IFRS 9: Financial Instruments

Starting with 2018, the Company applies IFRS 9. According to this Standard, after initial recognition, financial assets are recognized at amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on the business model of the Company; financial liabilities are recognized at amortized cost.

At the time of transition, the Company analyzed the financial assets held in terms of its business model and the contractual cash flows. As a result, financial investments previously recognized at cost less accumulated impairment losses are measured at fair value through profit or loss from January 1, 2018. The differences between the previous carrying amount and the fair value determined in accordance with IFRS 9 were recognized in the opening retained earnings, without restating previous financial statements. Except for this, no other significant differences between previous standards and IFRS 9 were identified.

	Financial assets measured at cost at December 31, 2017	Differences recorded in opening retained earnings	Financial assets measured at fair value through profit or loss
	'000 RON	'000 RON	'000 RON
Total	69,678	(19,083)	50,595

Standards and interpretations issued by IASB and adopted by the EU, but not yet effective

At the date of issue of the financial statements, the following standards were issued, but not yet effective:

- IFRS 16 "Leases" (applicable to annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation " (applicable to annual periods beginning on or after 1 January 2019);
- IFRIC 23, "Uncertainties in the Treatment of Income Tax" (applicable to annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 "Long-term Investments in Associates and Joint Ventures" (applicable to annual periods beginning on or after 1 January 2019).

The Company did not adopt these standards and amendments before their effective dates. The Company will implement the above standards and amendments in the financial statements for the year 2019 and is currently evaluating their impact.

Standards and interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the IASB except from the following standards, amendments or improvements to the existing standards and interpretations, which were not endorsed for use in EU as at date of publication of financial statements:

- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after January 1, 2021);
- Annual Improvements to IFRS Standards 2015–2017 Cycle (effective for annual periods beginning on or after January 1, 2019);
- Amendments to IAS 19: Plan amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 1, 2019);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after January 1, 2020);
- Amendments to IFRS 3: Business Combinations (effective for annual periods beginning on or after January 1, 2020);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective for annual periods beginning on or after January 1, 2020).

The Company is currently evaluating the effect that the adoption of these standards, amendments or improvements to the existing standards and interpretations will have on the financial statements of the Company in the period of initial application.

Segment Information

The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the upstream segment, electricity production and distribution, and others, including headquarter activities. The Directors of the Company have chosen to organize the Company around differences in activities performed. The segment of natural gas storage services was transferred, in April 2018, to S.N.G.N. ROMGAZ S.A. – Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiesti S.R.L. ("Depogaz").

Specifically, the Company is organized in the following segments:

- upstream, which includes exploration activities, natural gas production and trade of gas extracted by Romgaz or acquired from domestic production or import, for resale; these activities are performed by Medias, Mures and Bratislava branches;
- storage activities, performed by Ploiesti branch until March 31, 2018;
- electricity production and distribution activities, performed by Iernut branch;
- other activities, such as technological transport, operations on wells and corporate activities.

Transactions between Company segments occur at cost.

Considering the insertion of individual and consolidated financial statements in a single annual financial report, the Company does not disclose segment information in the individual financial statements.

Revenue recognition

a) Revenue from contracts with customers

The Company recognizes customer contracts when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Company can identify each party's rights regarding the goods or services to be transferred;
- the Company can identify the payment terms;
- the contract has commercial substance;
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods delivered or the services provided.

Revenue from contracts with customers is recognized when, or as the Company transfers the goods or services to the customer, respectively, the client obtains control over them.

Depending on the nature of the goods or services, revenues are recognized over time or at a point in time.

Revenue is recognized over time if:

- the customer receives and consumes simultaneously the benefits provided by obtaining the goods and services as the Company performs the obligation;
- the Company creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the Company's performance does not create an asset with an alternative use to the Company.

All other revenues that do not meet the above criteria are recognized at a point in time.

For revenue to be recognized over time, the Company assesses progress towards meeting the execution obligation, using output methods or input methods, depending on the nature of the good or service transferred to the client. Revenues are recognized only if the Company can reasonably assess the result of the execution obligation or, if it cannot be estimated, only at the level of the costs it is expected to recover from the customer.

Revenue from contracts with customers mainly relates to gas sales, electricity supply and related services, storage services until March 31, 2018. Revenue from these contracts are recognized at a point time on the basis of the actual quantities at the prices fixed in the contracts concluded or at the rates set by the regulatory authority, as the case may be.

Contracts concluded by the Company do not contain significant financing components.

b) Other revenue

Rental revenue is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognized periodically and proportionally as the respective income is generated, on accrual basis.

Dividends are recognized as income when the legal right to receive them is established.

Exploration expenses

The costs of seismic exploration, geological, geophysical and other similar exploration activities are recognized as a result of the period as they occur.

Expenditure on exploration also includes the cost of exploration assets that have not identified gas resources.

Costs of obtaining contracts with customers

Assets relating to customer contracts represent the Company's right to a consideration in exchange for goods or services transferred to a client other than receivables. These assets are tested for impairment at each reporting date. Impairment is recognized as an expense in the statement of comprehensive income.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the Company operates and is the currency in which the Company primarily generates and expends cash. The Company operates in Romania and it has the Romanian Leu (RON) as its functional currency.

In preparing the financial statements of the Company, transactions in currencies other than the functional currency (foreign currencies) are recorded at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences are recognized in the statement of comprehensive income in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Employee benefits

Benefits granted upon retirement

In the normal course of business, the Company makes payments to the Romanian State on behalf of its employees at legal rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognized in the statement of comprehensive income together with the related salary costs.

Based on the Collective Labor Agreement, the Company is liable to pay to its employees at retirement a number of gross salaries, according to the years worked in the gas industry/electrical industry, work conditions etc. To this purpose, the Company recorded a provision for benefits upon retirement. This provision is updated annually and computed according to actuary methods based on estimates of the average salary, the average number of salaries payable upon retirement, on the estimate of the period when they shall be paid and it is brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

As the benefits are payed, the provision is reduced together with the reversal of the provision against income.

Gains or actuarial losses, are recognized in other comprehensive income. These are changes in the present value of the defined benefit obligation as a result of statistical adjustments and changes in actuarial assumptions Any other changes in the provision are recognized in the result of the year.

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

Employee participation to profit

The Company records in its financial statements a provision related to the fund for employee participation to profit in compliance with legislation in force.

Liabilities related to the fund for employee participation to profit are settled in less than a year and are measured at the amounts estimated to be paid at the time of settlement.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Greenhouse gas provisions

The Company recognizes a provision for the deficit between actual CO_2 emissions and certificates held, measured at the best estimate of expenditure required to settle the obligation, namely the market price of the emission rights at reporting date.

Provisions for decommissioning of wells

Liabilities for decommissioning costs are recognized due to the Company's obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells.

This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using the interest rate on long term treasury bonds. The rate is updated annually.

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognized. The item of property, plant and equipment is subsequently depreciated as part of the asset.

The Company applies IFRIC 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities" related to changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

a. subject to b., changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

b. the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the statement of comprehensive income;

c. if the adjustment results in an addition to the cost of an asset, the Company considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Company tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt are recognized in the income statement in the period when they occur.

The periodical unwinding of the discount is recognized periodically in the comprehensive income as a finance cost, as it occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current tax for the period is recognized as an expense in the statement of comprehensive income. Deferred tax for the period is recognized as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where it arises from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Property, plant and equipment

(1) Cost

(i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(ii) Gas cushion

This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics.

(iii) Development expenditure

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including the commissioning of wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the property, plant and equipment accounting policies

(iv) Maintenance and repairs

The Company does not recognize within the assets costs the current expenses and the accidental expenses for that asset. These costs are expensed in the period in which they are incurred.

The cost for current maintenance are mainly labor costs and consumables and also small inventory items. The purpose of these expenses is usually described as "repairs and maintenance" for property, plant and equipment.

The expenses with major activities, inspections and repairs comprise the replacement of the assets or other asset's parts, the inspection cost and major overhauls. These expenses are capitalized if an asset or part of an asset, which was separately depreciated, is replaced and is probable that they will bring future economic benefits for the Company. If part of a replaced asset was not considered as a separate component and, as a result, was not separately depreciated, the replacement value will be used to estimate the net book value of the asset/(assets) which is/(are) replaced and is/(are) immediately written-off. The inspection costs associated with major overhauls are capitalized and depreciated over the period until next inspection.

The cost for major overhauls for wells are also capitalized and depreciated using the unit of production depreciation method.

All other costs with the current repairs and usual maintenance are recognized directly in expenses.

(2) Depreciation

The depreciable amount of a tangible asset is the cost less the residual value of the asset. The residual value is the estimated value that the Company would currently obtain from the disposal of an asset, after deducting the estimated costs associated with the disposal if the asset would already have the age and condition expected at the end of its useful life.

For directly productive tangible assets (natural gas resources extraction wells), the Company applies the depreciation method based on the unit of production in order to reflect in the statement of comprehensive income, an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method, the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

Assets representing the gas cushion are not depreciated, as the residual value exceeds their cost. In the financial statements of 2018, the Company corrected the previously recognized depreciation for these assets.

For indirect production tangible assets and storage assets, depreciation is calculated at cost using the straight-line method over the estimated useful life of the asset as follows:

Asset	Years
Specific buildings and constructions	10 - 50
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 – 30

Land is not depreciated as it is considered to have an indefinite useful life.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items of tangible fixed assets that are disposed of are eliminated from the statement of financial position along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the result of the period.

For items of tangible fixed assets that are retired from use, and have not been written off at the data of financial statements, an impairment adjustment is recorded for the carrying value at the time of retirement.

(3) Impairment

Non-current assets must be recognized at the lower of the carrying amount and recoverable amount. If and only if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to be equal to its recoverable amount. Such a reduction represents an impairment loss that is recognized in the result of the period.

Thus at the end of each reporting period, the Company assesses whether there is any indication of impairment of assets. If such indication is identified, the Company tests the assets to determine whether they are impaired.

Company's assets are allocated to cash-generating units. The cash-generating unit is the smallest identifiable asset group that generates independent cash inflows to a large extent from cash inflows generated by other assets or asset groups. The company considers each commercial field as a separate cash-generating unit. All gas storages held by the Company leased to Depogaz are considered as part of a single cash-generating unit, as the regulatory authority sets regulated tariffs by analyzing the storage activity as a whole, not every single deposit.

In 2018, indications of impairment were identified in the Upstream segment; the results of the impairment test are presented in note 12.

No impairment indication was identified relating to storage assets, as the Company estimates it will recover their carrying value through the rent received from Depogaz.

Recoverable amount is the largest of the fair value of an asset or a cash-generating unit less costs associated with disposal and its value in use. Considering the nature of the Company's assets, it was not possible to determine the fair value of the cash-generating units, being determined only the value in use of the assets.

Exploration and appraisal assets

(1) Cost

Natural gas exploration (other than seismic, geological, geophysical and other similar activities), appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

Costs directly associated with an exploration well are initially capitalized as an asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, drilling costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is eliminated from the statement of financial position, by recording an impairment, until National Agency for Mineral Resources (Agentia Nationala pentru Resurse Minerale – ANRM) approvals are obtained in order to be written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, an impairment is recorded for the assets, until the completion of the legal steps necessary for them to be written off. When proved reserves of natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment other than exploration assets.

(2) Impairment

At each reporting date, the Company's management reviews its exploration assets and establishes the necessity for recording in the financial statements of an impairment loss in these situations:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of gas resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of gas resources in the specific area have not led to the discovery of commercially viable quantities of gas resources and the Company has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Other intangible assets

(1) Cost

Licenses for software, patents and other intangible assets are recognized at acquisition cost.

Intangible assets are not revalued.

(2) Amortization

Patents and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years.

Inventories

Inventories are recorded initially at cost of production, or acquisition cost, depending on the case. The cost of finished goods and production in progress includes materials, labour, expense incurred for bringing the finished goods at the location and in the existent form and the related indirect production costs. Write down adjustments are booked against slow moving, damaged and obsolete inventory, when necessary.

At each reporting date, inventories are evaluated at the lower of cost and net realizable value. The net realizable value is estimated based on the selling price less any completion and selling expenses. The cost of inventories is assigned by using the weighted average cost formula.

Financial assets and liabilities

The Company's financial assets include cash and cash equivalents, trade receivables, other receivables, loans, bank deposits and bonds with a maturity from acquisition date of over three months and other investments in equity instruments. Financial liabilities include interest-bearing bank borrowings and overdrafts and trade and other payables. For each item, the accounting policies on recognition and measurement are disclosed in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

Cash and cash equivalents include petty cash, cash in current bank accounts and short-term deposits with a maturity of less than three months from the date of constitution.

The Company recognizes a financial asset or financial liability in the statement of financial position when and only when it becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets are classified at amortized cost or measured at fair value through profit or loss. The classification depends on the Company's business model for managing the financial assets and their contractual cash flows.

The Company does not have financial assets measured at fair value through other comprehensive income.

On initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of assets measured at amortized cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Receivables resulting from contracts with customers represent the unconditional right of the Company to a consideration. The right to a consideration is unconditional if only the passage of time is required before payment of the consideration is due. These are measured at initial recognition at the transaction price.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments plus or minus cumulative depreciation using the effective interest method for each difference between the initial amount and the amount at maturity and, for financial assets, adjusted for any impairment.

Any difference between the entry amount and the reimbursement amount is recognized in the income statement for the period of the borrowings using the effective interest method.

Financial instruments are classified as liabilities or equity in accordance with the nature of the contractual arrangement. Interest, dividends, gains and losses on a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are recorded directly in equity. Financial instruments are offset when the Company has a legally enforceable right to set off and intends to settle either on a net basis or to realize the asset and discharge the obligation simultaneously.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting period.

Except for trade receivables, contract assets, the company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk associated with the financial instrument, has increased significantly since initial recognition. If, at the reporting date, the credit risk for a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at a value equal to 12 month expected credit losses.

The loss allowance on trade receivables or contract assets resulting from transactions that are subject to IFRS 15 is measured at an amount equal to lifetime expected credit losses.

The carrying amount of the financial asset, other than those at fair value through profit or loss, is reduced through the use of an allowance account.

De-recognition of financial assets and liabilities

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Reserves

Reserves include (note 18):

- legal reserves, which are used annually to transfer to reserves up to 5% of the statutory profit, but not more than 20% of the statutory share capital of the Company;
- other reserves, which represent allocations from profit in accordance with Government Ordinance no. 64/2001. paragraph (g) for the Company's development fund;
- reserves from reinvested profit, set up based on the Fiscal Code. The amount of profit that benefited from tax exemption under the fiscal legislation less the legal reserve, is distributed at the end of the year by setting up the reserve;
- development quota reserve, non-distributable, set up until 2004. Development quota reserve set up after 2004 is distributable and presented in retained earnings. Development quota set up after 2004 is allocated with the approval of General Meeting of Shareholders, based on depreciation, respectively write-off of the assets financed using the development quota;
- other non-distributable reserves, set up from retained earnings representing translation differences recorded at transition to IFRS. These reserves are set up in accordance with MOF 2844/2016.

Subsidies

Subsidies are non-reimbursable financial resources granted to the Company with the condition of meeting certain criteria. In the category of subsidies are included grants related to assets and grants related to income.

Grants related to assets are government grants for whose primary condition is that the Company should purchase, construct, or otherwise acquire long-term assets.

Grants related to income are government grants other than those related to assets.

Subsidies are not recognized until there is reasonable assurance that:

a) the Company will comply with the conditions attaching to it; and

b) subsidies will be received.

Grants related to assets are presented in the statement of financial position as "Deferred revenue", which is then recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants related to income are recognized in the statement of profit or loss under "Other income", as the related expenses are recorded. Until the time of the expense, the grant received is recognized as "Deferred revenue".

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that the management has made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognized in the financial statements.

Estimates related to the exploration expenditure on undeveloped fields

If field works prove that the geological structures are not exploitable from an economic point of view or that they do not have hydrocarbon resources available, an impairment is recorded. The impairment assessment is performed based on geological experts' technical expertise.

Estimates related to the developed proved reserves

The Company applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with the income realized from sale of production obtained from the total natural gas reserve at the beginning of the period. According to this method, the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve at the beginning of the period. The gas reserves are updated annually according to internal assessments that are based on certifications of ANRM.

Estimates related to the decommissioning provision

Liabilities for decommissioning costs are recognized for the Company's obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using the interest rate on long term treasury bonds. The rate is updated annually.

Estimates related to the retirement benefit obligation

Under the Collective Labor Agreement, the Company is obliged to pay to its employees when they retire a multiplicator of the gross salary, depending on the seniority within the gas industry/electricity industry, working conditions etc. This provision is updated annually and calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and brought to present value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

Contingencies

By their nature, contingencies end only when one or more uncertain future events occur or not. In order to determine the existence and the potential value of a contingent element, is required to exercise the professional judgment and the use of estimates regarding the outcome of future events (note 33).

Comparative information

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes is presented the value of the corresponding item for the previous period ended, unless the changes are insignificant. In addition, the Company presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements, which has a material impact on the Company.

3. REVENUE AND OTHER INCOME

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017
	'000 RON	'000 RON
Revenue from gas sold - domestic production	3,852,337	3,383,231
Revenue from gas sold – other arrangements	133,073	129,196
Revenue from gas acquired for resale – import gas	205,912	29,280
Revenue from gas acquired for resale – domestic gas	11,015	22,020
Revenue from electricity	322,036	464,170
Revenue from services	218,279	34,073
Revenue from sale of goods	17,603	10,210
Other revenues from contracts	392	-
Total revenue from contracts with customers	**4,760,647**	**4,072,180**
Other revenues	90,477	7,194
Total revenue	**4,851,124**	**4,079,374**
Other operating income *)	14,719	363,971
Total revenue and other income	**4,865,843**	**4,443,345**

*) Other operating income decreased compared to prior year following the transition to IFRS 15. The income related to services from third party suppliers included in the prices charged to customers is recognized as revenue starting 2018 (note 2).

Under IFRS 15, revenue from contracts with customers is recognized as or when the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of goods sold by the Company usually coincides with title passing to the customer and the customer taking physical possession.

Revenues from gas and electricity are recognized when the delivery has been made at the prices fixed in the contracts with customers.

In measuring the revenue from gas and electricity, the Company uses output methods. According to these methods, revenues are recognized based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The Company recognizes the revenue in the amount it has the right to charge.

The Company does not disclose information about the remaining performance obligations, applying the practical expedient in IFRS 15, since the contracts with the customers are generally signed for periods of less than one year and the revenues are recognized at the amount which the Company has the right to charge.

Other revenue

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017
	'000 RON	'000 RON
Revenue from rentals	90,477	6,599
Other revenue	-	595
Total other revenue	**90,477**	**7,194**

The increase in revenue from rentals is due to the solution adopted for the transfer of the storage activity to Depogaz, where the fixed assets used in the storage activity remained in the Company's property and were leased to Depogaz. The rent contract was concluded for one year from April 1, 2018.

4. INVESTMENT INCOME

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017
	'000 RON	'000 RON
Interest income	52,838	20,862
Total	**52,838**	**20,862**

Interest income is derived from the Company's investments in bank deposits and government bonds.

5. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017
	'000 RON	'000 RON
Consumables used	60,483	51,716
Cost of gas acquired for resale, sold – import	202,613	27,732
Cost of gas acquired for resale, sold – domestic	7,338	22,184
Cost of electricity imbalance	34,031	10,219
Cost of other goods sold	1,179	954
Other consumables	3,056	2,916
Total	**308,700**	**115,721**

6. OTHER GAINS AND LOSSES

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Forex gain	4,058	486
Forex loss	(5,249)	(1,794)
Net loss on disposal of non-current assets	(62,949)	(74,401)
Net loss on disposal of associates and other financial investments	-	(12,308)
Net receivable allowances (note 16 c) *)	117	(19,018)
Net impairment of associates and other financial investments	-	12,483
Net write down allowances for inventory (note 15)	1,860	(6,421)
Net gain/loss on financial assets at fair value through profit or loss (note 26)	(40,782)	-
Losses from other debtors *)	(224)	(19,367)
Total	**(103,168)**	**(120,340)**

*) Following the adoption of IFRS 15, net receivable allowances from contracts with customers are presented separately in the statement of comprehensive income. Previous period was not restated.

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Depreciation	591,224	573,057
out of which:		
- depreciation of property, plant and equipment	586,903	564,810
- amortization of intangible assets	4,321	8,247
Net impairment of non-current assets (note 12)	116,852	(20,611)
Total depreciation, amortization and impairment	**708,076**	**552,446**

8. EMPLOYEE BENEFIT EXPENSE

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017
	'000 RON	'000 RON
Wages and salaries *)	609,544	462,311
Social security charges *)	17,874	110,930
Meal tickets	16,871	14,882
Other benefits according to collective labor contract	23,911	20,437
Private pension payments	9,751	9,825
Private health insurance	6,112	6,156
Total employee benefit costs	**684,063**	**624,541**
Less, capitalized employee benefit costs	(120,307)	(116,479)
Total employee benefit expense	**563,756**	**508,062**

*) The increase in wages and salaries and the reduction of social security charges is due to the transfer in 2018 of social security from employer to employee. The Company has increased employee s' wages so that they are not affected by the legislative change.

9. FINANCE COSTS

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Interest expense	-	3
Unwinding of the decommissioning provision (note 19)	29,724	18,788
Total	**29,724**	**18,791**

10. OTHER EXPENSES

Continuing operations	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Energy and water expenses	19,517	(1,134)
Expenses for capacity booking and gas transmission services	27,067	61,311
Expenses with other taxes and duties *)	995,109	670,627
(Net gain)/Net loss from provisions movement (note 19)	(15,051)	34,116
Other operating expenses **)	388,125	264,076
Total	**1,414,767**	**1,028,996**

*) In the year ended December 31, 2018, the major taxes and duties included in the amount of RON 995,109 thousand (year ended December 31, 2017: RON 670,627 thousand) are:

- RON 550,792 thousand represent windfall tax resulting from the deregulation of prices in the natural gas sector according to Government Ordinance no. 7/2013 with the subsequent amendments for the implementation of the windfall tax following the deregulation of prices in the natural gas sector (year ended December 31, 2017: RON 386,312 thousand);
- RON 435,233 thousand represent royalty on gas production and storage activity (year ended December 31, 2017: RON 276,804 thousand). The increase over the previous year is mainly due to the change in the royalty calculation law, whereby the reference price taken into account is no longer the price obtained by the Company as a result of customer contracts but the reference price of the index "PEGAS CEGH Day Ahead Market Single Day Select, VWAP / CEGHIX Central European Gas Hub AG (CEGH)" higher. In 2018, the royalties for the storage activity, presented in the discontinued operations result, amounted to RON 3,460 thousand (in the year 2017: RON 17,042 thousand).

**) Other operating expenses of RON 388,125 thousand (2017: RON 264,076 thousand) include expenses for the transportation and distribution of natural gas amounting to RON 162,814 thousand (2017: RON 122,353 thousand) and green certificates and CO2 certificates of RON 32,865 thousand (2017: RON 31,036 thousand).

11. INCOME TAX

	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Continuing operations		
Current tax expense	260,489	311,584
Deferred income tax (income)/expense	(53,071)	(51,912)
Income tax expense from continuing operations	**207,418**	**259,672**
Discontinued operations		
Current tax expense	10,844	56,446
Income tax expense from discontinued operations	10,844	56,446
Total income tax expense	**218,262**	**316,118**

The tax rate used for the reconciliations below for the year ended December 31, 2018, respectively year ended December 31, 2017 is 16% payable by corporate entities in Romania on taxable profits.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The total charge for the period can be reconciled to the accounting profit as follows:

	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Accounting profit before tax	**1,578,809**	**2,118,392**
(Profit)/loss activities not subject to income tax	3,910	2,205
Accounting profit subject to income tax	**1,582,719**	**2,120,597**
Income tax expense calculated at 16%	253,235	339,296
Effect of income exempt of taxation	(54,131)	(54,142)
Effect of expenses that are not deductible in determining taxable profit	101,297	89,173
Effect of current income tax reduction, due to VAT split	(14,273)	(4,805)
Effect of tax incentive for reinvested profit	(6,796)	(3,806)
Effect of the benefit from tax credits, used to reduce current tax expense	13,059	10,442
Effect of deferred tax relating to the origination and reversal of temporary differences	(27,292)	(26,052)
Effect of the benefit from tax credits, used to reduce deferred tax expense	(46,837)	(33,988)
Income tax expense	**218,262**	**316,118**

Components of deferred tax (asset)/liability

	December 31, 2018		December 31, 2017 (restated)	
	Cumulative temporary differences	**Deferred tax (asset)/ liability**	**Cumulative temporary differences**	**Deferred tax (asset)/ liability**
	'000 RON	**'000 RON**	**'000 RON**	**'000 RON**
Provisions	(693,809)	(111,010)	(862,402)	(137,985)
Property, plant and equipment	1,272,635	203,622	1,343,536	214,689
Exploration assets *)	(1,161,170)	(185,787)	(756,230)	(120,997)
Financial investments	(977)	(156)	-	-
Inventory	(18,485)	(2,958)	-	-
Receivables and other assets	(186,161)	(29,786)	(160,451)	(25,672)
Total	**(787,967)**	**(126,075)**	**(435,547)**	**(69,965)**
Change, out of which:		**56,110**		**51,912**
- **In current year's result**		**53,071**		**51,912**
- **In other comprehensive income**		**3,039**		-

*) According to the Fiscal Code applicable in Romania, expenses related to location, exploration, development or any preparatory activity for the exploitation of natural resources, which, according to the applicable accounting regulations, are recorded directly in the result, are recovered in equal rates for a period of 5 years, starting with the month in which the expenses are incurred. Also, for fixed assets specific to the exploration and production of gas resources, the carrying tax value of fixed assets written off is deducted using the tax depreciation method used before their write-off for the remaining period. All of these costs are treated as assets only from a tax point of view and generate a deferred tax asset.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage assets	Tangible exploration assets	Capital work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2018 (restated)	**108,402**	**882,913**	**6,475,527**	**927,068**	**97,142**	**1,694,522**	**438,613**	**797,540**	**11,421,727**
Additions	447	10	2,102	139	2	1	205,370	939,414	1,147,485
Transfers	-	9,520	227,799	68,058	3,723	4,909	(161,906)	(152,103)	-
Disposals	-	(1,737)	(251,340)	(11,481)	(2,259)	(1,424)	(149,620)	(30,947)	(448,808)
As of December 31, 2018	**108,849**	**890,706**	**6,454,088**	**983,784**	**98,608**	**1,698,008**	**332,457**	**1,553,904**	**12,120,404**
Accumulated depreciation									
As of January 1, 2018 (restated)	-	**265,803**	**3,271,717**	**532,892**	**69,125**	**520,149**	-	-	**4,659,686**
Depreciation *)	-	32,498	435,102	68,008	5,976	68,996	-	-	610,580
Disposals	-	(561)	(35,522)	(10,582)	(2,195)	(102)	-	-	(48,962)
As of December 31, 2018	-	**297,740**	**3,671,297**	**590,318**	**72,906**	**589,043**	-	-	**5,221,304**
Impairment									
As of January 1, 2018 (restated)	**3,180**	**16,031**	**229,683**	**23,373**	**386**	**2,152**	**157,349**	**108,188**	**540,342**
Charge	-	16,599	220,194	50,660	677	1,897	31,800	50,603	372,430
Transfers	-	-	12,039	-	-	-	(1,274)	(10,765)	-
Release	-	(1,107)	(71,492)	(2,807)	(154)	(528)	(150,609)	(28,881)	(255,578)
As of December 31, 2018	**3,180**	**31,523**	**390,424**	**71,226**	**909**	**3,521**	**37,266**	**119,145**	**657,194**
Carrying value									
As of January 1, 2018 (restated)	**105,222**	**601,079**	**2,974,127**	**370,803**	**27,631**	**1,172,221**	**281,264**	**689,352**	**6,221,699**
As of December 31, 2018	**105,669**	**561,443**	**2,392,367**	**322,240**	**24,793**	**1,105,444**	**295,191**	**1,434,759**	**6,241,906**

*) *The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to RON 21,171 thousand.*

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage assets	Tangible exploration assets	Capital work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2017 (restated)	**106,991**	**881,566**	**6,067,913**	**893,944**	**94,404**	**1,674,274**	**417,216**	**659,927**	**10,796,235**
Additions	1,429	1	143,595	-	144	-	231,309	497,754	874,232
Transfers	89	3,855	316,223	43,546	3,214	24,997	(74,562)	(317,362)	-
Disposals	(107)	(2,509)	(52,204)	(10,422)	(620)	(4,749)	(135,350)	(42,779)	(248,740)
As of December 31, 2017	**108,402**	**882,913**	**6,475,527**	**927,068**	**97,142**	**1,694,522**	**438,613**	**797,540**	**11,421,727**
Accumulated depreciation									
As of January 1, 2017 (restated)	**-**	**233,949**	**2,868,192**	**475,904**	**63,308**	**454,494**	**-**	**-**	**4,095,847**
Depreciation *)	-	33,031	415,019	66,507	6,380	69,712	-	-	590,649
Transfers	-	-	759	-	-	(759)	-	-	-
Disposals	-	(1,177)	(12,253)	(9,519)	(563)	(3,298)	-	-	(26,810)
As of December 31, 2017	**-**	**265,803**	**3,271,717**	**532,892**	**69,125**	**520,149**	**-**	**-**	**4,659,686**
Impairment									
As of January 1, 2017 (restated)	**3,180**	**15,933**	**157,172**	**23,474**	**442**	**3,421**	**210,783**	**146,548**	**560,953**
Charge	-	908	103,914	774	71	696	94,236	30,516	231,115
Transfers	-	-	24,814	-	-	-	(8,334)	(16,480)	-
Release	-	(810)	(56,217)	(875)	(127)	(1,965)	(139,336)	(52,396)	(251,726)
As of December 31, 2017	**3,180**	**16,031**	**229,683**	**23,373**	**386**	**2,152**	**157,349**	**108,188**	**540,342**
Carrying value									
As of January 1, 2017 (restated)	**103,811**	**631,684**	**3,042,549**	**394,566**	**30,654**	**1,216,359**	**206,433**	**513,379**	**6,139,435**
As of December 31, 2017	**105,222**	**601,079**	**2,974,127**	**370,803**	**27,631**	**1,172,221**	**281,264**	**689,352**	**6,221,699**

*) *The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to RON 22,973 thousand*

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Impairment of property, plant and equipment

Note 2 contains information on the conditions under which impairment losses for individual assets are recognized.

Impairment of assets in the Upstream segment

During 2018, the Company identified indications of impairment of commercial gas fields. Based on its assessment, the Company considered each commercial field as a separate cash-generating unit. The infrastructure common to several gas fields (e.g. compression stations, drying stations) was allocated to each field according to the quantities processed for each field served. The corporate assets were allocated to each field according to the estimated revenue to be earned by each field in the total revenue over the period considered in the impairment test.

The impairment test took into account the economic life of the fields, according to the latest studies approved by the National Agency of Mineral Resources, but no later than 2043, this being the limit year of the concession agreements, according to the legislation in force.

Following the impairment test, there was an impairment of RON 141,859 thousand.

In the impairment test the following assumptions were used:

- Weighted average cost of capital: 10%;
- The inflation rate for the years 2019-2022 was the one reported by the National Prognosis Commission in the autumn forecast for 2018. For the period 2023-2043 a constant inflation rate of 2% was used.
- The reference price used for calculating the royalties was (lei/MWh):

2019	2020	2021-2043
117	123	126

- Estimated prices used were (lei/MWh):

2019	2020	2021	2022
74	68	68	76

- After 2022, it was considered that prices would rise at a constant rate of 3%.

Sensitivity analysis - following the 1% change in the factors below, the impairment resulted from the impairment test would be (changes are independent one from each other):

	Increase by 1%	Decrease by 1%
	'000 RON	'000 RON
Weighted average cost of capital	145,196	140,946
Selling price used starting 2022	141,453	142,266
Inflation rate	140,918	145,467
Royalties price	141.995	141.724

Impairment of the current Iernut Power Plant

In 2018 the Company impaired the current power plant, recording an impairment of RON 47,474 thousand. By the date the financial statements were endorsed, no decision was taken about closing the current plant, but the management estimated that net value of the investment will not be recovered.

Rented assets

Carrying value of property plant and equipment rented to third parties:

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Buildings	176,190	9,508
Plant, machinery and equipment	127,673	52
Fixtures, fittings and office equipment	3,880	-
Storage assets	1,042,227	990
Carrying value of rented property plant and equipment	**1,349,970**	**10,550**

Maturity analysis of revenue from rented assets

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Year 1	34,365	6,565
Year 2	7,188	7,016
Year 3	7,350	7,188
Year 4	7,467	7,350
Year 5	356	7,467
Over 5 years	-	356

13. EXPLORATION AND APPRAISAL FOR NATURAL GAS RESOURCES

The following financial information represents the amounts included within the Company's totals relating to activity associated with the exploration for and appraisal of natural gas resources. All such activity is recorded within the upstream segment.

Continued operation	Year ended December 31, 2018	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON
Exploration assets written off (note 12)	(149,620)	(135,350)
Seismic, geological, geochemical studies	(97,503)	(47,771)
Exploration expenses	**(247,123)**	**(183,121)**
Net movement in exploration assets' impairment (note 12) (net income)/net loss	(118,809)	(45,100)
Net cash used in exploration investing activities	(205,371)	(231,496)

	December 31, 2018	December 31, 2017 (restated)
	'000 RON	'000 RON
Exploration assets (note 12)	295,191	281,264
Liabilities	(22,464)	(35,870)
Net assets	**272,727**	**245,394**

14. OTHER INTANGIBLE ASSETS

	Other intangible assets '000 RON	Licenses '000 RON	Intangible work in progress '000 RON	Total '000 RON
Cost				
As of January 1, 2018	**15,079**	**168,581**	**51**	**183,711**
Additions	-	207	260	467
Transfers	-	277	(277)	-
Disposals	(857)	(3,878)	(34)	(4,769)
As of December 31, 2018	**14,222**	**165,187**	-	179,409
Accumulated amortization				
As of January 1, 2018	**11,694**	**163,388**	-	**175,082**
Charge	2,213	2,108	-	**4,321**
Disposals	(857)	(3,872)	-	**(4,729)**
As of December 31, 2018	**13,050**	**161,624**	-	**174,674**
Carrying value				
As of January 1, 2018	**3,385**	**5,193**	**51**	**8,629**
As of December 31, 2018	**1,172**	**3,563**	-	**4,735**

	Other intangible assets '000 RON	Licenses '000 RON	Intangible work in progress '000 RON	Total '000 RON
Cost				
As of January 1, 2017	**15,079**	**170,921**	**34**	**186,034**
Additions	-	252	2,809	3,061
Transfers	-	2,792	(2,792)	-
Disposals	-	(5,384)	-	(5,384)
As of December 31, 2017	**15,079**	**168,581**	**51**	183,711
Accumulated amortization				
As of January 1, 2017	**9,477**	**161,966**	-	**171,443**
Charge	2,217	6,030	-	8,247
Disposals	-	(4,608)	-	(4,608)
As of December 31, 2017	**11,694**	**163,388**	-	**175,082**
Carrying value				
As of January 1, 2017	**5,602**	**8,955**	**34**	**14,591**
As of December 31, 2017	**3,385**	**5,193**	**51**	**8,629**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

15. INVENTORIES

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Spare parts and materials	170,904	149,728
Work in progress	464	373
Finished goods (gas)	94,460	212,057
Residual products	148	85
Inventories at third parties	2,057	66,971
Goods for resale (gas)	-	471
Other inventories	78	81
Write-down allowance for spare parts and materials	(38,053)	(35,038)
Write-down allowance for residual products	(47)	(44)
Write-down allowance for inventories at third parties	(99)	(5,169)
Total	**229,912**	**389,515**

16. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Trade receivables	1,643,855	1,518,568
Allowances for expected credit losses (note 16 c)	(1,218,188)	(1,198,247)
Accrued receivables	383,132	495,765
Total	**808,799**	**816,086**

Trade receivables from gas deliveries are generally due within 30 days of invoice issue. These must be guaranteed by customers through bank letters of guarantee. If customers do not provide such a guarantee, they must ensure that natural gas is paid in advance.

Trade receivables from the sale of electricity are generally due within 7 days of the date of invoice transmission. These must be guaranteed by customers through bank letters of guarantee. If customers do not provide such a guarantee, they must ensure that electricity is paid in advance.

b) Other assets

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Advances paid to suppliers	9,584	20,891
Joint operation receivables	6,703	3,786
Other receivables *)	65,267	60,157
Allowance for expected credit losses other receivables (note 16 c) *)	(50,983)	(51,302)
Other debtors	47,188	46,248
Allowances for expected credit losses for other debtors (note 16 c)	(43,091)	(42,889)
Prepayments	4,996	5,298
VAT not yet due	5,086	19,255
Other taxes receivable **)	123,152	244,464
Total	**167,902**	**305,908**

*) (i) During May 13, 2014 – September 30, 2014 the National Agency for Tax Administration (Agentia Nationala de Administrare Fiscala - ANAF) ran a tax investigation at Romgaz regarding the tax statements and/or operations relevant for the investigation as well as the organization and management of tax and accounting evidence. The period under control was 2008 – 2013 for income tax and 2009 – 2013 for VAT.

Following the tax inspection, an additional liability was established for Romgaz of RON 22,440 thousand, representing income tax, VAT, penalties and related interest. Of the total amount, Romgaz paid RON 2,389 thousand. For the remaining amount of RON 20,051 thousand, Romgaz performed a legal assessment which concluded that the additional tax, penalties and interest are not correct. Romgaz filed an appeal to the Ministry of Public Finance. The appeal was partially rejected for the amount of RON 15,872 thousand.

For RON 4,179 thousand a new fiscal control was ordered, which resulted in a tax burden of RON 2,981 thousand. The appeal filed to ANAF was rejected.

In 2015, Romgaz sued the Ministry of Finance to cancel the above mentioned administrative acts, including the partial cancelation of the decision issued for the appeal.

The payment made in 2016 generated additional penalties of RON 13,697 thousand, also paid. Considering the disagreement regarding the conclusions of the tax control, the Company recorded a receivable and an allowance.

The total receivable impaired in connection with this control is RON 32,550 thousand.

(ii) During the period December 2016 - April 2017 ANAF resumed the tax inspection on VAT for the period December 2010 – June 2011 and on income tax for the period January 2010 – December 2011, regarding the discounts granted by Romgaz to interruptible clients for deliveries during 2010 - 2011. This status was attributed to companies by Transgaz, the Romanian natural gas transmission operator. Following the tax inspection, additional tax obligations of RON 15,284 thousand were determined, and also penalties and late payment charges in amount of RON 3,129 thousand. The tax decision and the tax inspection report were appealed to ANAF. Romgaz paid the additional tax obligation and the late payment charges and based on the appeal, the Company recorded a receivable for which it recorded an allowance.

The total receivable impaired in connection with this control is RON 18,413 thousand.

**) In 2017 the excise tax inspection for the period January 2010 - March 2013 was finalized. The tax inspection report concluded that Romgaz was not subject to excise duties related to technological consumption. Based on this report, in 2017 Romgaz recorded an income of RON 244,385 thousand, of which RON 130,470 thousand refer to the period April 2013 - November 2016, for which Romgaz has submitted corrective statements. In 2018, Romgaz recovered RON 113,915 thousand by offsetting with other tax liabilities in balance at December, 31 2017. As for the amount of RON 130,470 thousand, Romgaz was subjected in 2018 to a new tax audit for reimbursement, which was finalized favorably in 2019, when the rest of the amount was recovered.

c) Changes in the allowance for expected credit losses for trade and other receivables and other assets

	2018	2017
	'000 RON	'000 RON
At January 1	**1,292,438**	**1,273,230**
Charge in the allowance for receivables (note 6) *)	388	38,451
Charge in the allowance for trade receivables	20,928	-
Forex		190
Release in the allowance for receivables (note 6) *)	(505)	(19,433)
Release in the allowance for trade receivables	(987)	-
At December 31	**1,312,262**	**1,292,438**

*) 2017 amounts contain the impairment of trade receivables

As of December 31, 2018, the Company recorded allowances for doubtful debts, of which Interagro RON 275,961 thousand (December 31, 2017: RON 275,961 thousand), GHCL Upsom of RON 60,371 thousand (December 31, 2017: RON 60,371 thousand), CET Iasi of RON 46,271 thousand (December 31, 2017: RON 46,271 thousand), Electrocentrale Galati with RON 223,396 thousand (December 31, 2017: RON 217,585 thousand), Electrocentrale Bucuresti with RON 570,274 thousand (December 31, 2017: RON 570,274 thousand), G-ON EUROGAZ of RON 14,848 thousand (December 31, 2017: RON 14,848 thousand) and Electrocentrale Constanta of RON 14.295 thousand (December 31, 2017: RON 0 thousand), due to existing financial conditions of these clients as well as ongoing litigating cases related to these receivables or exceeding payment terms.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

d) Credit risk exposure

	Gross carrying amount	Expected credit loss rate	Lifetime expected credit losses
	'000 RON	%	'000 RON
Current receivables	423.663	-	-
less than 30 days overdue	1,083	14.77	160
30 to 90 days overdue	1.317	97.49	1.284
90 to 360 days overdue	20,176	99.76	20,128
over 360 days overdue	1,197,616	99.92	1,196,616
Total trade receivables	**1,643,855**		**1,218,188**

17. SHARE CAPITAL

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
385,422,400 fully paid ordinary shares	385,422	385,422
Total	**385,422**	**385,422**

The shareholding structure as at December 31, 2018 is as follows:

	No. of shares	Value	Percentage (%)
		'000 RON	
The Romanian State through the Ministry of Energy	269.823.080	269,823	70.01
Legal persons	98.004.388	98,004	25.42
Physical persons	17.594.932	17.595	4.57
Total	**385,422,400**	**385,422**	**100**

All shares are ordinary and were subscribed and fully paid as at December 31, 2018. All shares carry equal voting rights and have a nominal value of RON 1/share (December 31, 2017: RON 1/share).

18. RESERVES

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
Legal reserves	77,084	77,084
Other reserves, of which:	1,746,603	2,235,448
- Company's development fund	1,028,449	1,559,772
- Reinvested profit	212,041	169,563
- Geological quota set up until 2004	486.388	486,388
- Other reserves	19,725	19,725
Total	**1,823,687**	**2,312,532**

19. PROVISIONS

	December 31, 2018	December 31, 2017 (restated)
	'000 RON	'000 RON
Decommissioning provision	510,114	682,041
Retirement benefit obligation	131,120	119,482
Total long term provisions	**641,234**	**801,523**
Decommissioning provision	20,352	31,116
Provisions for land restoration	-	16,043
Litigation provision	229	79
Other provisions *)	72,103	29,685
Total short term provisions	**92,684**	**76,923**
Total provisions	**733,918**	**878,446**

*) On December 31, 2018, other provisions of RON 72,103 thousand include the provision for employee's participation to profit of RON 28,718 thousand (December 31, 2017: RON 23,725 thousand) and the provision for CO2 certificates of RON 40,109 thousand (as at 31 December 2017, the provision for CO2 certificates in the amount of RON 20,804 thousand was presented within the trade payables).

a) Decommissioning provision

Decommissioning provision movement	2018	2017 (restated)
	'000 RON	'000 RON
At January 1 (restated)	**713,157**	**541,067**
Additional provision recorded against non-current assets	1,902	143,162
Unwinding effect (note 9)	29,724	18,788
Recorded in profit or loss	(34,390)	22,978
Change recorded against non-current assets	(179,927)	(12,838)
At December 31	**530,466**	**713,157**

The Company makes full provision for the future cost of decommissioning natural gas wells on a discounted basis upon installation. The provision for the costs of decommissioning these wells at the end of their economic lives has been estimated using existing technology, at current prices or future assumptions, depending on the expected timing of the activity, and discounted using a rate of 4.8% (year ended December 31, 2017: 4.32%). While the provision is based on the best estimate of future costs and the economic lives of the wells, there is uncertainty regarding both the amount and timing of these costs.

The increase with 1 percentage point of the discount rate would decrease the decommissioning provision with RON 91,075 thousand. The decrease with 1 percentage point of the discount rate would increase the decommissioning provision with RON 117,949 thousand.

b) Other provisions

	Litigation provision	Retirement benefit obligations	Other provisions	Land restoration provision	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2018	**79**	**119,482**	**29,685**	**16,043**	**165,289**
Additional provision recorded in the result of the period	235	10,671	79,062	-	89,968
Additional provision over the period in other items of comprehensive income		18,994	-	-	18,994
Provisions used in the period	(85)	(7,202)	(36,616)	(5,389)	(49,292)
Unused amounts during the period, reversed	-	(10,825)	(28)	(10,654)	(21,507)
At December 31, 2018	**229**	**131,120**	**72,103**	**-**	**203,452**

	Litigation provision	Retirement benefit obligations	Other provisions	Land restoration provision	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
At January 1, 2017	-	119,986	24,951	8,963	153,900
Additional provision in the period	79	5,967	43,933	16,043	66,022
Provisions used in the period	-	(6,471)	(24,235)	(2,368)	(33,074)
Unused amounts during the period, reversed	-	-	(14,964)	(6,595)	(21,559)
At December 31, 2017	79	119,482	29,685	16,043	165,289

c) Retirement benefit obligation

Movement for retirement benefit obligation	2018	2017
	'000 RON	'000 RON
January 1	119,482	119,986
Interest cost	4,848	4,019
Current service cost	5,823	5,640
Payments during the year	(7,202)	(6,471)
Actuarial (gain)/loss of the period	18,994	(3,692)
Curtailment	(10,825)	-
December 31	131,120	119,482

With the exception of actuarial gains/losses, all other movements in the retirement benefit obligation are recognized in the result of the period. In 2017, all movements in the retirement benefit obligation were recorded in the result of the period.

In determining the retirement benefit obligation, the following significant assumptions were used:

- No layoffs or restructurings are planned;
- Average discount rate: 5.14%;
- Average inflation rate: 2.51%;
- Average rate of increase in salaries: 4.51%.

Sensitivity analysis

The discount rate and the salary increase rate have a significant effect on the obligation. Isolated change in assumptions with 1 percentage point would have the following effect on the obligation:

	Increase of 1% in assumptions	Decrease of 1% in assumptions
	'000 RON	'000 RON
Discount rate	(12,861)	15,030
Rate of increase in salaries	15,006	(13,063)

Maturity analysis of payment cash flows

	Benefit payments
	'000 RON
Up to 1 year	8,399
1-2 years	6,692
2-5 years	31,721
5-10 years	65,540
Over 10 years	358,147

20. DEFERRED REVENUE

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Amounts collected from NIP *)	20,994	-
Other amounts received as subsidies	134	-
Total deferred revenue long term	**21,128**	**-**
Other amounts received as subsidies	123	263
Other deferred revenue	8,319	707
Total deferred revenue short term	**8,442**	**970**
Total deferred revenue	**29,570**	**970**

*) In Government Decision no. 1096/2013 approving the mechanism for the free allocation of greenhouse gas emission allowances to electricity producers for the period 2013-2020, Annex no. 3 "National Investment Plan" (NIP) at Item 22, S.N.G.N. ROMGAZ S.A. is included with the investment "Combined Gas Turbine Cycle".

For this investment, Romgaz signed a financing agreement with the Ministry of Energy in 2017, whereby the Ministry of Energy undertakes to grant a non-reimbursable financing of RON 320,912 thousand, representing a maximum of 25% of the total value of the eligible expenditure of the investment. In the year 2018 the amount of RON 20,994 thousand was collected. Amounts received under this contract will be transferred to income based on the depreciation rate of the investment, which is expected to be put into operation in 2020.

	Amounts collected from NIP '000 RON	Other amounts received as subsidies '000 RON	Total '000 RON
January 1, 2018	**-**	**263**	**263**
Received	20,994	114	21,108
Other increases	-	149	149
Amounts in revenue	-	(269)	(269)
December 31, 2018	**20,994**	**257**	**21,251**

21. TRADE AND OTHER CURRENT LIABILITIES

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Accruals	33,679	61,998
Trade payables	28,343	45,621
Payables to fixed assets suppliers	127,333	112,782
Advances from customers *)	-	385,708
Total trade payables	**189,355**	**606,109**

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Payables related to employees	40,244	36,368
Royalties	137,211	85,521
Social security taxes	17,029	23,927
Other current liabilities	29,914	32,090
Joint operations payables	3,593	3,800
VAT	82,224	95,959
Dividends payable	2,355	804
Windfall tax	69,875	50,190
Other taxes	469	445
Total other liabilities	**382,914**	**329,104**
Total trade and other liabilities	**572,269**	**935,213**

*) Contract liabilities, representing advances from customers, of RON 385,708 thousand as at December 31, 2017, generated revenues of RON 151,239 thousand in 2018,. The amount of RON 12,923 thousand was repaid to the customers, as the advances received were higher than deliveries. The rest of the amount was recognized as revenue in 2017, but the decrease of advances took place after the issue of the reconciliation invoice in 2018.

As at December 31, 2018, contract liabilities are of RON 46,381 thousand. These relate to gas deliveries in the first quarter of 2019, the revenues being recognized in the month of delivery.

22. FINANCIAL INSTRUMENTS

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk, interest rate risk), credit risk, liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance within certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The Company does not use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to currency risk as a result of exposure to various currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

As at December 31, 2018, the official exchange rates were RON 4.0736 to USD 1 and RON 4.6639 to EUR 1 and (December 31, 2017: RON 3.8915 to USD 1 and RON 4.6597 to EUR 1).

	EUR	GBP	USD	RON	
December 31, 2018	1 EUR = 4.6639 RON	1 GBP = 5.1931 RON	1 USD = 4,0736 RON	1 RON	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Financial assets					
Cash and cash equivalents	1,007	13	5	548,743	549,768
Other financial assets	-	-	-	878,555	878,555
Trade and other receivables	-	-	-	425,667	425,667
Total financial assets	**1,007**	**13**	**5**	**1,852,965**	**1,853,990**
Financial liabilities					
Trade payables and other payables	(18,388)	(28)	(811)	(136,449)	(155,676)
Total financial liabilities	**(18,388)**	**(28)**	**(811)**	**(136,449)**	**(155,676)**
Net	**(17,381)**	**(15)**	**(806)**	**1,716,516**	**1,698,314**

	EUR	GBP	USD	RON	
December 31, 2017	**1 EUR = 4.6597 RON**	**1 GBP = 5.2530 RON**	**1 USD = 3.8915 RON**	**1 RON**	**Total**
	'000 RON	**'000 RON**	**'000 RON**	**'000 RON**	**'000 RON**
Financial assets					
Cash and cash equivalents	450	-	9	226.706	227,165
Other financial assets	-	-	-	2,781,784	2,781,784
Trade and other receivables	-	-	-	320,321	320,321
Total financial assets	**450**	**-**	**9**	**3,328,811**	**3,329,270**
Financial liabilities					
Trade payables and other payables	(63,366)	(7)	(278)	(94,752)	(158,403)
Total financial liabilities	**(63,366)**	**(7)**	**(278)**	**(94,752)**	**(158,403)**
Net	**(62,916)**	**(7)**	**(269)**	**3,234,059**	**3,170,867**

The Company is mainly exposed to currency risk generated by EUR and USD against RON. The table below details the sensitivity of the Company to a 5% increase/decrease in the EUR and USD exchange rate against the RON. The 5% rate is the rate used in internal reports to management on foreign currency risk and represents management's assessment of reasonable changes in the exchange rate. Sensitivity analysis includes only monetary items denominated in foreign currency in the balance sheet. and considers the transfer at the end of the period to a modified rate of 5%.

	December 31, 2018	December 31, 2017
	'000 RON	'000 RON
RON weakening - loss	909	3.159

(ii) *Inflation risk*

The official inflation rate in Romania, during the year ended December 31, 2018 was under 10% as provided by the National Commission for Statistics of Romania. The cumulative inflation rate for the last 3 years was under 100%. This factor, among others, led to the conclusion that Romania is not a hyperinflationary economy.

(iii) *Interest rate risk*

The Company is exposed to interest rate risk, due to retirement benefit obligations and the decommissioning provision. The Company's sensitivity to changes in the discount rate is detailed in note 19.

Bank deposits and treasury bills bear a fixed interest rate.

(b) Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of trade receivables. The Company has policies in place to ensure that sales are made to customers with low credit risk. Also, sales have to be secured, either through advance payments, either through bank letters of guarantee. The carrying amount of accounts receivable, net of bad debt allowances, represent the maximum amount exposed to credit risk. The Company has a concentration of credit risk in respect of its top 4 clients, which together amount to 89.55% of net trade receivable balance at December 31, 2018 (top 4 clients: 91.25% as of December 31, 2017). Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Company beyond the bad debt allowance already recorded.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend policy, issue new shares or sell assets to reduce debt.

The Company's policy is to only resort to borrowing if investment needs cannot be financed internally.

(d) Fair value estimation

Carrying amount of financial assets and liabilities is assumed to approximate their fair values.

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, other financial assets, short-term loans and borrowings and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Company's maximum exposure to credit risk for existing receivables.

e) Maturity analysis for non-derivative financial assets and financial liabilities

December 31, 2018	Due in less than a month	Due in 1-3 months	Due in 3 months to 1 year	Due in 1-5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	194,608	231,022	37	-	-	425,667
Bank deposits	205,591	125,167	-	-	-	330,758
Treasury bonds	-	178,990	368,807	-	-	547.797
Total	**400,199**	**535,179**	**368,844**	-	-	**1,304,222**
Trade payables	(141,597)	(14,049)	(30)	-	-	(155,676)
Total	**(141,597)**	**(14,049)**	**(30)**	-	-	**(155,676)**
Net	**258,602**	**521,130**	**368,814**	-	-	**1,148,546**

December 31, 2017	Due in less than a month	Due in 1-3 months	Due in 3 months to 1 year	Due in 1-5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	195,137	125,142	42	-	-	320,321
Bank deposits	349,174	577,171	1,459,639	-	-	2,385,984
Treasury bonds	55,540	230,710	109,550	-	-	395,800
Total	**599,851**	**933,023**	**1,569,231**	-	-	**3,102,105**
Trade payables	(149,614)	(8,727)	(62)	-	-	(158,403)
Total	**(149,614)**	**(8,727)**	**(62)**	-	-	**(158,403)**
Net	**450,237**	**924,296**	**1,569,169**	-	-	**2,943,702**

f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and current cash flows and by matching the maturity profiles of financial assets and liabilities.

23. RELATED PARTY TRANSACTIONS AND BALANCES

i. Sales of goods and services

	Year ended Dec 31, 2018	Year ended Dec 31, 2017
	'000 RON	'000 RON
Subsidiaries	120,583	-
Associates	20,780	22,925
Total	**141,363**	**22,925**

Transactions with other companies controlled by the Romanian State are not considered transactions with related parties, for financial statements purposes.

ii. **Purchase of goods and services**

	Year ended Dec 31, 2018 '000 RON	Year ended Dec 31, 2017 '000 RON
Subsidiaries	54,920	-
Total	**54,920**	**-**

iii. **Trade receivables**

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Subsidiaries	16,567	-
Associates	642	111
Total	**17.209**	**111**

iv. **Trade payables**

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Subsidiaries	8,536	-
Total	**8,536**	**-**

24. INFORMATION REGARDING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The remuneration of executives and directors

The Company has no contractual obligations on pensions to former executives and directors of the Company.

During the years ended December 31, 2018 and December 31, 2017, no loans and advances were granted to executives and directors of the Company, except for work related travel advances, and they do not owe any amounts to the Company from such advances.

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Salaries paid to directors (gross)	16,979	14,601
of which, bonuses (gross)	2,234	2,767
Remuneration paid to administrators (gross)	1,598	1,237
of which, variable component (gross)	246	568

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Salaries payable to directors	379	910
Salaries payable to administrators	64	58

25. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

a) Investment in subsidiaries

Subsidiaries' name	Main activity	Country of residence and operations	Percentage of interest held (%) December 31, 2018	Percentage of interest held (%) December 31, 2017
SNGN ROMGAZ SA – Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL	Natural gas storage	Romania	100	100

	Cost at December 31, 2018 '000 RON	Cost at December 31, 2017 '000 RON
SNGN ROMGAZ SA – Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL	66,056	1,200
Total	**66,056**	**1,200**

During 2018, the Company participated in two increases in the share capital of the Subsidiary:

- in kind contribution, respectively. inventory intake of RON 16,056 thousand;
- cash contribution of RON 48 800 thousand.

b) Investment in associates

Name of associate	Main activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)	
			December 31, 2018	December 31, 2017
SC Depomures SA Tg.Mures	Storage of natural gas	Romania	40	40
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25

Name of associate	Cost as of December 31, 2018	Impairment as of December 31, 2018	Carrying value as of December 31, 2018	Cost as of December 31, 2017	Impairment as of December 31, 2017	Carrying value as of December 31, 2017
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
SC Depomures SA Tg.Mures	120	-	120	120	-	120
SC Agri LNG Project Company SRL	977	(977)	-	977	(977)	-
Total	**1,097**	**(977)**	**120**	**1,097**	**(977)**	**120**

26. OTHER FINANCIAL INVESTMENTS

Other financial investments are measured at fair value through profit or loss. The effects of IFRS 9 are disclosed in note 2.

Except for the investment in Patria Bank, which is a level 1 financial investment, all other investments are included in level 3 category, according to IFRS 13.

Company	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)	
			December 31, 2018	December 31, 2017
Electrocentrale București S.A.	Electricity and thermal power producer	Romania	2.49	2.49
Patria Bank S.A.	Other activities – financial intermediations	Romania	0.03	0.03
Mi Petrogas Services S.A.	Services related to oil and natural gas extraction, excluding prospections	Romania	10	10
GHCL Upsom	Manufacture of other chemical, anorganic base products	Romania	4.21	4.21
Lukoil association	Petroleum exploration operations	Romania	12.2	10

Company	Fair value as of December 31, 2018	Cost as of December 31, 2017	Impairment as of December 31, 2017	Carrying value as of December 31, 2017
	'000 RON	'000 RON	'000 RON	'000 RON
Electrocentrale București S.A. *)	4,457	64,310	-	64,310
Patria Bank S.A.**)	68	840	(759)	81
Mi Petrogas Services S.A.	60	60	-	60
GHCL Upsom	-	17,100	(17,100)	-
Lukoil association	5,227	10,454	(5,227)	5,227
Total	**9,812**	**92,764**	**(23,086)**	**69,678**

*) The fair value of the investment in Electrocentrale Bucuresti at December 31, 2018 was determined based on restructuring plan in the insolvency proceedings. At the transition to IFRS 9 a decrease was recorded in retained earnings in the amount of RON 19,083 thousand; the remaining decrease was recorded in the annual result. The investment in Electrocentrale Bucuresti is not quoted

**) Patria Bank's shares being quoted, the fair value at the end of the period is determined by taking into account the closing quotation of the share. The variation between the amount at December 31, 2018 and the amount at December 31, 2017 was recorded in the result of the period.

27. CASH AND CASH EQUIVALENTS

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Current bank accounts in RON *)	75,239	63,007
Current bank accounts in foreign currency	1,018	451
Petty cash	29	29
Term deposits in RON	367,610	73,507
Restricted cash **)	105,870	90,158
Amounts under settlement	2	13
Total	**549,768**	**227,165**

*) Current bank accounts include overnight deposits.

**) Restricted cash includes bank accounts used strictly for VAT transactions, as the Company opted in to the application of the split-VAT system (RON 103,287 thousand). It also includes bank accounts used only for dividend payments to shareholders, according to stock market regulations (RON 2,583 thousand).

28. OTHER FINANCIAL ASSETS

Other financial assets represent mainly treasury bonds and deposits with a maturity of over 3 months, from acquisition date.

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Treasury bonds in RON	532,447	393,694
Bank deposits in RON	330,758	2,385,984
Accrued interest receivable	2,670	4,382
Accrued interest on bonds	15,350	2,106
Total other financial assets	**881,225**	**2,786,166**

29. DISCONTINUED OPERATIONS

As of April 1 2018, natural gas storage was transferred from Romgaz to SNGN ROMGAZ SA – Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiesti SRL.

The transfer of activity occurred as a result of the Company's legal obligation to achieve separation of natural gas storage activity from natural gas production and supply in accordance with Directive 2009/73 / EC of the European Parliament and of the Council of July 13, 2009 and the provisions of art. 141 align (1) of Law 123/2012.

The transfer involved the transfer of the license to the storage subsidiary, transfer of employees and the transfer of the unfinished acquisitions until 31 March 2018. The transfer did not involve a sale. As a result of the transfer of activity, the fixed assets were not transferred and they were leased to Depogaz.

Analysis of year's result from discontinued operations

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Revenue	113,609	505,815
Cost of commodities sold	-	(7)
Investment income	179	1,487
Other gains and losses	192	(1,728)
Changes in inventory of finished goods and work in progress	(21,606)	(72,025)
Raw materials and consumables used	(4,834)	(9,695)
Employee benefit expense	(12,213)	(54,821)
Other expenses	(11,773)	(72,936)
Other income	2,401	198
Profit before tax from discontinued operations	**65,955**	**296,288**
Income tax expense	(10,844)	(56,446)
Profit for the year	**55,111**	**239,842**

Cash flows from discontinued operations

	Year ended December 31, 2018 '000 RON	Year ended December 31, 2017 '000 RON
Net cash generated by/(used in) operating activities	(24,661)	39,216

30. COMMITMENTS UNDERTAKEN

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Endorsements and collaterals granted	65,838	151,911
Total	**65,838**	**151,911**

In 2017, Romgaz signed a credit agreement with Raiffeisen Bank SA representing a facility for issuing letters of guarantee, and opening letters of credit for a maximum amount of USD 100,000 thousand. On December 31, 2018 are still available for use USD 86,880 thousand.

As of December 31, 2018, the Company's contractual commitments for the acquisition of non-current assets are of RON 812,938 thousand (December 31, 2017: RON 1,551,675 thousand), of which, the contract for CET Iernut development represents RON 408,123 thousand.

31. COMMITMENTS RECEIVED

	December 31, 2018 '000 RON	December 31, 2017 '000 RON
Endorsements and collaterals received	1,552,496	1,534,757
Total	**1,552,496**	**1,534,757**

Endorsements and collateral received represent letters of guarantee and other performance guarantees received from the Company's clients.

32. EFFECTS OF VOLUNTARY CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

(a) In 2018 the management of the Group modified on voluntary basis the accounting for seismic, geological, geophysical and other similar exploration activities, effective January 1, 2018.

Until March 31, 2018 these activities were accounted as intangible exploration assets, in accordance with the accounting policy used before transition to IFRS, as permitted by IFRS 6. Starting with the second quarter of 2018 these are expensed as incurred, in line with the successful efforts method. This way of accounting is more consistent with the international practice, making the financial statements more relevant to the users.

(b) The Company modified the computation method for the decommissioning provision by replacing the weighted average cost of capital with the interest rate on long-term treasury bonds as a discount factor. The amendment was intended to align with the practice commonly used in calculating this provision.

In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", these changes are explained by the alignment with accounting standards largely adopted by oil & gas companies and as such they have been applied retrospectively.

(c) In 2018, the Company reconsidered the depreciation of the gas cushion, recognized as a fixed asset. This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics. As a result of this analysis, the Company concluded that depreciation for these fixed assets should not have been recorded as the residual value is higher than the cost. Therefore, the Company corrected the depreciation retrospectively by restating earlier periods.

To reflect the changes and corrections above and to ensure the comparability of the information presented in this set of financial statements, previous periods have been restated and presented as if they had always been applied.

The restatement required an adjustment of the opening balance of retained earnings and other comparative amounts as of January 1, 2017.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Effect of restatement on financial position

	January 1, 2017 (not restated)	Effect of change in accounting policy	Effect of correction of accounting errors	January 1, 2017 (restated)	December 31, 2017 (before restatement)	Effect of change in accounting policy	Effect of correction of accounting errors	December 31, 2017 (restated)
	'000 RON	'000 RON (a) + (b)	'000 RON (c)	'000 RON	'000 RON	'000 RON (a) + (b)	'000 RON (c)	'000 RON
Property, plant and equipment	5,789,262	291,121	59,052	6,139,435	5,842,366	311,235	68,098	6,221,699
Other intangible assets	397,864	(383,273)	-	14,591	412,284	(403,655)	-	8,629
Deferred tax asset	-	27,501	(9,448)	18,053	1,464	79,397	(10,896)	69,965
Retained earnings	6,270,587	(355,024)	49,604	5,965,167	6,612,922	(415,096)	57,202	6,255,028
Deferred tax liabilities	40,123	(40,123)	-	-	-	-	-	-
Provisions (long-term and short-term)	244,485	330,496	-	574,981	356,891	402,073	-	758,964

Effect of restatement on comprehensive income

	Year ended December 31 (not restated)	Effect of change in accounting policy	Effect of correction of accounting errors	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON (a) + (b)	'000 RON (c)	'000 RON
Other gain and losses	(120,335)	(1,733)	-	(122,068)
Amortization and depreciation	(548,869)	(12,622)	9,045	(552,446)
Finance cost	(18,624)	(167)	-	(18,791)
Exploration expense	(137,083)	(46,038)	-	(183,121)
Other expenses	(1,090,647)	(11,284)	-	(1,101,931)
Profit before tax	2,181,191	(71,844)	9,045	2,118,392
Income tax expense	(326,443)	11,772	(1,447)	(316,118)
Profit for the year	1,854,748	(60,072)	7,598	1,802,274

Effect of restatement on cash flow statement

	Year ended December 31, 2017 (not restated)	Effect of change in accounting policy	Effect of correction of accounting errors	Year ended December 31, 2017 (restated)
	'000 RON	'000 RON (a) + (b)	'000 RON (c)	'000 RON
Net cash generated by operating activities	2,799,059	(47,770)	-	2,751,289
Net cash generated by investing activities	(632,830)	47,770	-	(585,060)

33. CONTINGENCIES

(a) *Litigations*

The Company is subject to several legal actions arisen in the normal course of business. The management of the Company considers that they will have no material adverse effect on the results and the financial position of the Company.

On December 28, 2011, 27 former and current employees were notified by DIICOT regarding an investigation related to sale contracts signed with one of the Company's clients for allegedly unauthorized discounts granted to this client during the period 2005-2010. DIICOT mentioned that this may have resulted in a loss of USD 92,000 thousand for the Company. On that sum, an additional burden to the state budget consists of income tax in amount of USD 15,000 thousand and VAT in amount of USD 19.000 thousand. The internal analysis carried out by the Company's specialized departments concluded that the agreement was in compliance with the legal provisions and all discounts were granted based on Orders issued by the Ministry of Economy and Finance and decisions of the General Shareholders' Board and Board of Directors. The management of the Company believes the investigation will not have a negative impact on the financial statements, to justify the registration of an adjustment. The Company is fully cooperating with DIICOT in providing all information necessary. On March 18 2014, Romgaz received an address from DIICOT, by which the investigators ordered an accounting expertise, indicating the objectives of the expertise.

Romgaz was notified that, as injured party, it may submit comments relating to objectives of the expertise (additions/changes), and may appoint an additional expert to participate in the expertise.

Thus, Romgaz proceeded to identify and appoint an expert with accounting and financial expertise that can participate to the expertise. After the report was completed, the parties could submit objections by November 2, 2015.

On March 16, 2016, DIICOT – Central Structure informed the persons involved in the cause about the start of legal actions against them. At the request of investigators, the Company announced that in case of a prejudice being established during the investigation, the Company will join the case as civil party.

In November 2016, DIICOT informed the Company the prejudice established in amount of RON 282,630 thousand. Following this request, Romgaz announced that will join the case as a civil party for the amount of RON 282,630 thousand to recover this amount from the respective client and any other person that may be found guilty for causing the prejudice.

In June 2017, DIICOT issued a press release announcing the referral to court of several persons involved in the case. In January 2018, the High Court of Cassation and Justice ruled that the indictment prepared by DIICOT was not legal; the ruling is not definitive.

(b) *Taxation*

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties. In Romania, tax periods remain open for fiscal verification for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

(c) *Environmental contingencies*

Environmental regulations are developing in Romania and the Company has not recorded any liability at December 31, 2018 for any anticipated costs, including legal and consulting fees, impact studies, the design and implementation of remediation plans related to environmental matters, except the amount of RON 530,466 thousand (December 31, 2017: RON 713,157 thousand), representing the decommissioning liability.

Green-house gas emission certificates (CO2 certificates)

In accordance with Government Decision no. 1096/2013 for the approval of the mechanism for free transitional allocation of green-house gas emission certificates to electricity producers for the period 2013-2020, Annex no. 3 "National Investment Plan" position 22, Romgaz is included with the investment project "Combined cycle with gas turbines".

According to Annex no. 1 of the same decision, S.N.G.N. Romgaz S.A. was allocated for CTE Iernut 274,882 greenhouse gas certificates (EUA) for 2018.

As of December 31, 2018, Romgaz holds in the Greenhouse Gas Emissions Unique Registry 279,103 CO2 certificates, after meeting compliance obligations for the previous years and submitting the certificates to the Registry.

For the deficit between actual emissions and certificates held, the Company recognizes a provision measured at the best estimate of expenditure required to settle the obligation, namely the market price of the emission rights at reporting date. As of December 31, 2018 the Company records a deficit of 355.035 certificates for which it recorded a provision of RON 40,109 thousand (note 19).

According to EU Regulation No. 1123/2013 of November 8, 2013 regarding the establishment of the rights to international credits, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, the Protocol to the Framework-Convention of the United Nations on Climate Change (Kyoto Protocol) sets up two mechanisms for the creation of international credits that Companies can use to reduce emissions. Joint Implementation provides for the creation of emission reduction units (ERU), while the Clean Development Mechanism (CDM) provides for the creation of certified emission reductions (CER). Industries that fall under the European Trading System of atmosphere emissions (EU ETS) can use these credits to offset their obligations on emissions of greenhouse gas. In this respect, Romgaz holds as linking availability (correlation availability EUA – ERU certificates) a number of 51,598 ERU certificates available to be used for compliance in the 2013-2020 period.

According to Government Decision no 1096/December 17, 2013. Romgaz was allocated CO2 certificates as follows:

		Annual Allocation (tCO_2/year)							
Operator	**Installation**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
SNGN Romgaz - S.A.	SNGN Romgaz - S A. - CTE Iernut	962,085	824,645	687,204	549,763	412.322	274,882	137,441	-

(d) *Controls by The Romanian Court of Accounts*

In year ended 2016, the Company came under scrutiny from the Romanian Court of Accounts.

One of the Romanian Court of Accounts' conclusions is that during 2013-2015 Romgaz delivered gas on the regulated market over the quantities it was legally allowed to, according to the existing legislation. The price on the regulated market being lower than the one on the free market, The Romanian Court of Accounts issued Decision number 26/01.06.2016 and ordered Romgaz to determine and to recover the prejudice as a price difference on gas quantities delivered on the regulated market over its legal obligation, having January 2017 as due date for implementation. The alleged prejudice estimated by the Court of Accounts is over RON 160 million. Romgaz appealed the decision, but the Court of Accounts dismissed the appeal. Subsequently, the Company started legal proceedings against the Court of Accounts' decision no. 26/01.06.2016 and, also, contracted legal services for the annulment of the Court of Accounts' decision and to carry out the measures ordered by the Court of Accounts' decision. The Court of Accounts litigation was resolved by the Court of Appeal Alba Iulia, maintaining the findings and measures of Decision no. 26/2016 issued by the Court of Accounts, except for one measure.

The Company's management respects the decision taken by the Court of Appeal Alba Iulia and will implement the measures established by the Court of Accounts.

34. JOINT ARRANGEMENTS

In January 2002, Romgaz signed a petroleum agreement with Amromco for rehabilitation operations in order to achieve additional production in 11 blocks, namely: Bibeşti, Strâmba, Finta, Fierbinţi-Târg, Frasin-Brazi, Zătreni, Boldu, Roşioru, Gura-Şuţii, Balta-Albă and Vlădeni. For the base production, Romgaz holds a share of 100% and for the additional production, Romgaz owns a share of 50% and Amromco Energy SRL - 50%. As the agreement was signed to execute rehabilitation operations to obtain additional production, the mandatory work program is in accordance with the studies approved by ANRM. Accordingly, the annual work program, which includes both works provided in the studies and other works necessary and proposed by the partners, is approved annually by the Board of the joint arrangement before the start of each year. The duration of the joint arrangement is in line with the time frame of each individual concession agreements of the 11 perimeters stated above, which differs for each block.

The agreement with Schlumberger was terminated in 2018.

35. AUDITOR'S FEES

The fee charged by the Company's statutory auditor, S.C. Ernst & Young Assurance Services S.R.L. for the audit of 2018 financial statements is RON 390 thousand.

The fees charged by the Company's statutory auditor (S.C. Ernst & Young Assurance Services S.R.L starting December 2018, and S.C. Deloitte Audit S.R.L until August 2018) for other assurance services, provided in 2018 or related to 2018 are RON 197 thousand.

36. EVENTS AFTER THE BALANCE SHEET DATE

The litigation with the Court of Accounts mentioned in note 33 d) was settled by the Alba Iulia Court of Appeal, maintaining the findings and measures of Decision no. 26 / 01.06.2016 issued by the Court of Accounts, except for one of the measures.

The management respects the decision of the Alba Iulia Court of Appeal and will implement the measures established by the Court of Accounts.

The financial statements do not contain adjustments for this matter.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on March 25, 2019.

Adrian Constantin Volintiru	**Andrei Bobar**
Chief Executive Officer	Chief Financial Officer

S N G N ROMGAZ S.A.
MEDIAŞ
25. MAR. 2019
INTRARE/IEŞIRE
Nr. 10451

ROMGAZ

Societatea Naţională de Gaze Naturale Romgaz S.A. Mediaş România

ROMGAZ

STATEMENT
in accordance with the provisions of art. 63 (2) c) of Law No. 24/2017
regarding issuers of financial instruments and market operations

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Entity: Societatea Nationala de Gaze Naturale ROMGAZ S.A.
County: 32--SIBIU
Address: MEDIAŞ, 4 C.I. Motaş Square, tel. +40374401020
Registration Number in the Trade Register: J32/392/2001
Form of Property: 26- Companies with both State and private capital (State capital >=50%)
Main activity (CAEN code and denomination): 0620—Natural Gas Production
Tax Identification Number: 14056826

The undersigned, DORIN-LIVIU NISTORAN as Chairman of The Board of Directors,
ADRIAN CONSTANTIN VOLINTIRU as CEO and
ANDREI BOBAR as CFO,

hereby confirm that according to our knowledge, the annual financial statements for the year ended December 31, 2018, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and Order of Ministry of Public Finance no. 2844/2016 for the approval of Accounting regulations in accordance with International Financial Reporting Standards, offer a true and fair view of the assets, liabilities, financial position, statement of profit and loss of the Company and that the Board of Directors' report comprises a fair analysis of the development and performance of the Company, as well as a description of the main risks and incertitudes specific to its activity. The Company is a going concern.

Chairman of the Board of Directors,
DORIN-LIVIU NISTORAN

CEO,
ADRIAN CONSTANTIN VOLINTIRU

CFO,
ANDREI BOBAR