SOCIETATEA NATIONALA DE GAZE NATURALE "ROMGAZ" SA

QUARTERLY REPORT

REGARDING THE ECONOMIC-FINANCIAL ACTIVITY OF SNGN "ROMGAZ" SA

AS OF MARCH 31, 2015

(January 01, 2015-March 31, 2015)

IDENTIFICATION DETAILS ON REPORT AND ISSUER

Quarterly report according to art. 227 of Law 297/2004
Report date: May 11, 2015
Name of the Company: **SNGN ROMGAZ SA**
Headquarter: Medias, P-ta Constantin I.Motas, No.4, code 551130
Telephone / fax number: 004-0269-201020 / 004-0269-846901
Fiscal Code: RO14056826
Trade Registry No: J32/392/2001
Subscribed and paid in share capital: RON 385,422,400

COMPANY PERFORMANCES

The Company's operational and financial performances in Q1 2015 are following the same trend of the last financial years.

Relevant financial results

RON million

Item no.	Indicator	Q1 2014	Q4 2014	Q1 2015	Ratios (Q1'15/Q1'14)	Ratios (Q1'15/Q4'14)
0	1	2	3	4	5=4/2x100	6=4/3x100
1	**Income – total, out of which:**	**1,380.0**	1,235.5	**1,299.5**	**94.17%**	**105.18%**
	*operating income	1,361.7	1,214.3	1,285.9	94.43%	105.90%
	*financial income	18.2	21.2	13.7	75.27%	64.62%
2	Revenue	1,449.3	1,206.5	1,365.5	94.22%	113.18%
3	**Expenses – total, out of which:**	**647.3**	854.4	**620.5**	**95.86%**	**72.62%**
	*operating expenses	641.1	822.8	615.3	95.98%	74.78%
	*financial expenses	6.2	31.6	5.2	83.87%	16.46%
4	**Gross profit**	**732.6**	**381.1**	**679.1**	**92.69%**	**178.19%**
5	Profit tax	124. 3	85.2	116.0	93.37%	136.15%
6	**Net profit**	**608.4**	**295.9**	**563.0**	**92.55%**	**190.27%**
7	Net profit ratio (%) $\frac{net\ profit}{revenue}x100$	42.0	24.5	41.2	98.10%	168.16%
8	EBIT	715.0	363.7	665.5	93.07%	182.33%
9	EBIT ratio (%) $\frac{EBIT}{revenue}x100$	49.3	30.1	48.7	98.78%	161.79%
10	EBITDA	858.8	572.0	841.8	98.02%	147.17%
11	EBITDA ratio (%) $\frac{EBITDA}{revenue}x100$	59.3	47.4	61.6	103.88%	129.96%
12	Return on sale (%) $\frac{gross\ profit}{revenue}x100$	50.5	31.6	49.7	98.42%	157.28%
13	Earnings per share – EPS (RON)	1.58	0.77	1.46	92.55%	189.61%
14	**Investments**	**201.2**	**187.4*)**	**215.9**	**107.31%**	**115.21%**

*) – represent the investments scheduled for Q1 2015
Note: income and expenses do not include in-house works capitalized as non-current assets.

Summary of main indicators:

- *Operating income* decreased by 5.56% as compared to Q1 2014 because of a reduced gas demand, especially from the fertiliser production sector. Such decrease lead to a reduced gas production and implicitly to a lower revenue, operating income and profit than expected;
- Although the net profit, EBIT and EBITDA are lower as compared to Q1 2014 when the Company recorded the best results ever, these values are substantially higher than those recorded in the previous quarter;
- As a ratio from revenue, EBITDA increased to 61.6% in Q1 2015 (as compared to 59.3% in Q1 2014) and EBIT and net profit ratios remained at an extremely favourable level: 48.7% and 41.2% respectively;
- For Q1 2015 Romgaz scheduled investments in amount of *RON 187.4 million* and performed investments in amount of *RON 215.9 million*, about 15%, namely RON 28 million higher than scheduled;

  Compared to the similar period of 2014, the investments performed in Q1 2015 are higher by RON 14.7 million, namely 7.3%.

  Investments for geological exploration works for the discovery of new reserves have increased significantly, being by 68.6% (RON 59.4 million) higher than those for Q1 2014 and by 16.4% (RON 20.6 million) higher than scheduled;
- *EPS* (earnings per share) is RON 1.46/share;
- *Income from storage activities* decreased by RON 5.1 million, namely 3.24% as compared to the similar period of 2014, as a result of lower gas quantities injected in the storages;
- *The income from the electric power sector* was RON 45.7 million worth.

Operational results (million m^3):

Item no.	Specifications	Q1 2013	Q1 2014	Q1 2015	Ratios
0	1	2	3	4	5=4/3x100
1.	**Gross production – total**, out of which:	**1,478.1**	**1,463.8**	**1,436.1**	**98.1%**
	*own gas	1,433.2	1,418.2	1,384.4	97.6%
	*Schlumberger (100%)	44.9	45.6	51.7	113.4%
2.	**Delivered own gas***)	**1,693.9**	**1,848.9**	**1,701.8**	**92.0%**
3.	Delivered import gas	142.1	65.1	2.2	3.3%
4.	**Total delivered gas**	**1,836.0**	**1,914.0**	**1,703.9**	**89.0%**
5.	**Delivered electric power (MWh)**	**7.8**	**460.1**	**145.7**	**31.7%**
6.	UGS gas extraction services invoiced	1,261.6	1,139.9	1,151.2	101.0%
7.	UGS gas injection services invoiced	256.7	485.7	292.2	60.2%

*) – includes gas from current production and own gas from storages and gas delivered to SPEE Iernut.

Although gas production is lower by 1.9% than in Q1 2014, due to the above mentioned causes, production almost equals the one recorded in Q4 2014 of 1,436.0 million m^3, confirming the production stabilisation process.

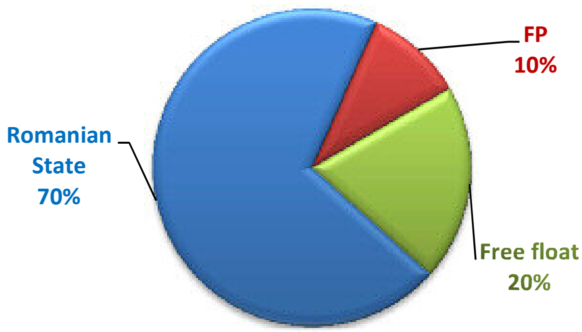
ROMGAZ - BRIEF OVERVIEW

SNGN Romgaz SA is a Romanian producer and supplier of natural gas and electric power, its core business segments are: gas exploration and production, supply, gas storage and electric power production.

Shareholder structure

On March 31, 2015 the shareholder structure was the following:

	Number of shares	%
The Romanian State[1]	269,823,080	70.0071
SC "Fondul Proprietatea" SA (FP)	38,542,960	10.0002
Free float – total, out of which:	77,056,360	19.9927
*legal persons	*66,004,101*	*17.1251*
*natural persons	*11,052,259*	*2.8676*
Total	**385,422,400**	**100.0000**



Company organization

The organization of the company is the hierarchy-functional type with a number of six hierarchy levels from company shareholders to execution personnel.

The company has seven branches, set up depending on the specific business and on the activity location (production branches), as follows:

- Sucursala de Productie Gaze Naturale Medias (Medias Production Branch);
- Sucursala de Productie Gaze Naturale Targu Mures (Targu Mures Production Branch);
- Sucursala de Inmagazinare Subterana a Gazelor Naturale Ploiesti (Ploiesti Underground Storage Branch);
- Sucursala de Interventii, Reparatii Capitale si Operatii Speciale la Sonde Medias (SIRCOSS) (Branch for Well Workover, Recompletions and Special Well Operations);
- Sucursala de Transport Tehnologic si Mentenanta Tirgu Mures (STTM) (Technological Transport and Maintenance Branch);
- Sucursala de Productie Energie Electrica Iernut (Iernut Power Generation Branch);

[1] The Romanian State through the Ministry of Energy, Small and Medium Enterprises and the Business Environment

- Sucursala Bratislava (Bratislava Branch).

Company Management

The company is governed by a Board of Directors composed of 7 members, having on March 31, 2015 the following structure:

Item no.	Name	Institution of employment	Position in the Board
1	Negrut Aurora	Ministry of Energy, Small and Medium Enterprises and the Business Environment	Chairperson
2	Popescu Ecaterina	SC “Chimforex” SA	Member
3	Metea Virgil Marius	SNGN “Romgaz” SA	Member
4	Jansen Petrus Antonius Maria	Associate Lecturer London School of Business and Finance	Member
5	Chisalita Dumitru	Transilvania University Brasov	Member
6	Baciu Sorana	ACGENIO	Member
7	Dorcioman Dragos	Ministry of Energy, Small and Medium Enterprises and the Business Environment	Member

Virgil Marius Metea - Director General (CEO)

The Board of Directors appointed Mr. Virgil Marius Metea by Resolution no.8 of June 12, 2013, as Director General and delegated him responsibilities and duties related to internal management and representation.

The table below shows the executive positions of the company and its branches:

Name	Position
ROMGAZ - Headquarters	
Cindrea Corin Emil	Deputy Director General
Rotar Dumitru Gheorghe	Deputy Director General
Dobrescu Dumitru	Deputy Director General
Ionascu Lucia	Economic Director
Ciolpan Vasile	Energy Trade Director
Stefanescu Dan Paul	Exploration-Production Director
Stan Ioan	Human Resource Management Director
Prisca Maria Magdalena	Financial Director
Stancu Lucian Adrian	Corporative Management, Quality, Environment Director
Bodogae Horea Sorin	Procurement Direction Director
Pavlovschi Vlad	Business Development Director
Balasz Bela Atila	Energy Management Director
Morariu Dan Nicolae	Information Technology and Telecommunication Director
Birsan Mircea Lucian	Technical Director
Medias Branch	

Totan Costel	Director
Achimet Teodora Magdalena	Economic Director
Sutoiu Florinel	Production Director
Man Ioan Mihai	Technical Director
Targu Mures Branch	
Avram Pantelimon	Director
Caraivan Viorica	Economic Director
Matei Gheorghe	Production Director
Stefan Ioan	Technical Director
Ploiesti Branch	
Carstea Vasile	Director
Ionescu Viorica Maria	Economic Director
Scarlatescu Virgil	Commercial Director
Vecerdea Dan Adrian	Storage Director
Iernut Branch	
Bircea Angela	Director
Vlassa Susana Ramona	Economic Director
Oprea Maria Aurica	Commercial Director
David Stefan	Technical Director
SIRCOSS	
Dinca Ispasian Ioan	Director
Bordeu Viorica	Economic Director
Gheorghiu Sorin	Technical Director
STTM	
Rusu Gratian	Director
Hasegan Dorina	Economic Director
Cioban Cristian Augustin	Operation-Development Director

Human Resources

On March 31, 2015 the company had a number of 6,340 employees.

The table below shows the evolution of the employees' number between January 1, 2012 – March 31, 2015:

Description	2012	2013	2014	Q1 2015
1	2	3	4	5
Employees at the beginning of the period	5,945	5,921	6,472	6,344
Newly hired employees	129	681[*)]	92	45
Employees who terminated their labour relationship with the company	153	130	220	49
Employees at the end of the period	5,921	6,472	6,344	6,340

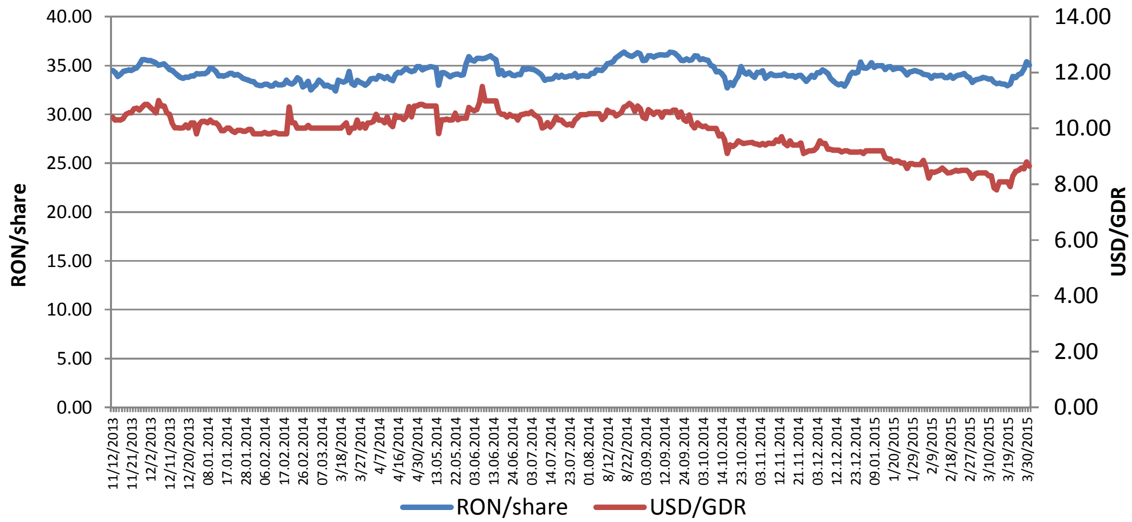
[*)] the increase is due to the takeover of CTE Iernut employees

ROMGAZ on the stock exchange

As of November 12, 2013 the company's shares are traded on the regulated market governed by BVB (Bucharest Stock Exchange) and on the regulated market governed by LSE (London Stock Exchange), as GDR's issued by the Bank of New York Mellon.

At the end of the first trading day, Romgaz share price was RON 34.5, 15% above the price paid by institutional investors and by investors, which subscribed more than 10,000 shares (30 RON/share). The quotation was by 18.55% and 21% respectively, above the price paid by retail investors with discount (3% , respectively 5%). On LSE, the closing price for GDR's was USD10.4 - 13.66% higher than the subscription price.

Performance of Romgaz shares and GDR's from listing until March 31, 2015 is shown below:



Romgaz share price had a relatively stable evolution, both on BVB and on LSE, as compared to the volatility recorded on international financial markets and on the Romanian market, respectively, the decrease of GDR prices has been influenced by the exchange rate of RON that depreciated against the USD (see the figure below).

PHYSICAL INDICATORS

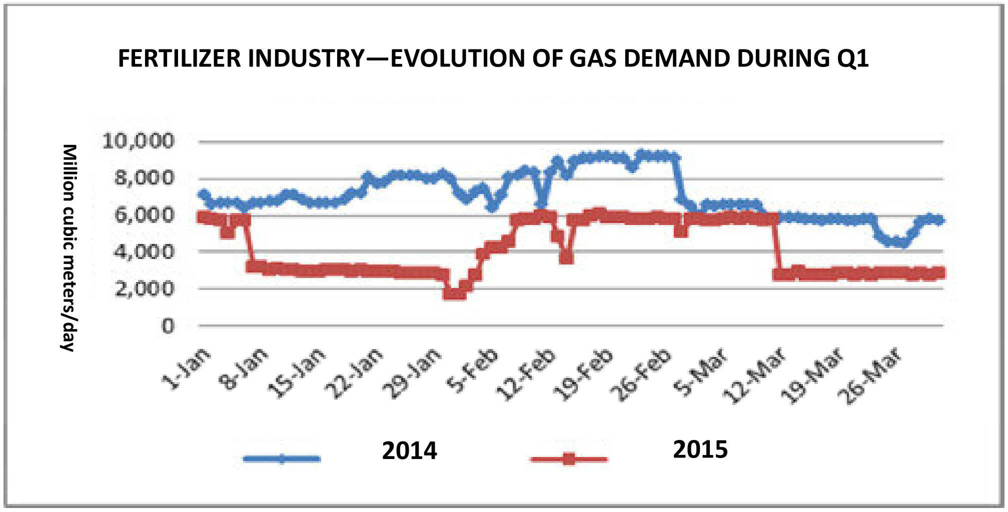
The table below shows the gas volumes (million m^3) produced, delivered, injected/withdrawn into/from UGSs during January-March 2015 in comparison with the similar period of 2013 and 2014:

Item No.	Specifications	Q1 2013	Q1 2014	Q1 2015	Variation
0	1	2	3	4	5=4/3x100
1.	**Total - gross production**, out of which:	**1,478.1**	**1,463.8**	**1,436.1**	**98.1%**
1.1.	*internal gas production	1,433.2	1,418.2	1,384.4	97.6%
1.2.	*Schlumberger partnership (100%)	44.9	45.6	51.7	113.4%
2.	Technological consumption	20.9	20.0	21.5	107.5%
3.	**Net gross internal gas production** (***1.-1.2.-2.***)	**1,412.3**	**1,398.2**	**1,362.9**	**97.5%**
4.	Internal gas volumes injected in storages	0.0	45.2	2.2	4.9%
5.	Internal gas volumes withdrawn from storages	256.7	445.6	292.2	65.6%
6.	Differences resulting from GCV	0.0	0.0	0.0	0.0%
7.	**Volumes supplied from internal production** (***3.-4.+5.-6.***)	**1,669.9**	**1,798.6**	**1,652.9**	**91.9%**
8.	Gas supplied to Iernut and Cojocna Power Plants	4.1	116.7	51.2	43.8%
9.	**Volumes supplied from internal production to the market** (***7.-8.***)	**1,664.9**	**1,681.8**	**1,601.7**	**95.2%**
10.	**Natural gas from partnerships**[*)] **– total**, out of which:	**22.5**	**45.8**	**44.9**	**98.1%**
	*Schlumberger (50%)	22.5	22.8	25.9	113.4%
	*Raffles Energy (37.5%)		0.2	0.1	49.9%
	*Amromco (50%)		22.8	18.9	83.2%
11.	Purchased internal gas volumes	2.4	4.6	4.0	86.6%
12.	**Sold internal gas volumes** (***9.+10.+11.***)	**1,689.8**	**1,732.2**	**1,650.6**	**95.3%**
13.	**Supplied internal gas volumes** (***8.+12.***)	**1,693.9**	**1,848.9**	**1,701.8**	**92.0%**
14.	Supplied import volumes	142.1	65.1	2.2	3.3%
15.	**Total gas supplies** (***13.+14.***)	**1,836.0**	**1,914.0**	**1,703.9**	**89.0%**
*	Invoiced UGS withdrawal services	1,261.6	1,139.9	1,151.2	101.0%
*	Invoiced UGS injection services	256.7	485.7	292.2	60.2%

[*)] In case of Romgaz – Schlumberger partnership, the produced gas volumes are entirely outlined in Romgaz production. Thereafter, such gas is split in equal shares among the partners, who sell them separately. In case of Romgaz partnerships with Amromco and Raffles Energy, the produced gas is not Romgaz production, but the relating value is included in Romgaz revenue proportionate to the company's working interest in the respective partnership.

Attached hereto is the structure of revenues generated from natural gas sales.

In relation with Q1 2014, the gas production (produced, supplied) level observed a downward trend because of a decrease in gas demand, especially of the fertilizer industry (please refer to the graph below).



However, the 1,436.1 million m^3 production is at the level of Q4 2014 production (1,436.0 million m^3).

Although most reservoirs are mature, being in operation for more than 30 years, and the produced gas volumes have significantly decreased, during the past years the production decline rate has been stabilised at around 1% as a result of a mix of measures the company has implemented, some of which are:

- gas compressors;
- production rehabilitation/enhancement, 3D seismic data, static and dynamic reservoir modelling;
- bringing new discoveries into the production stream.

The gas volumes delivered to Iernut Power Plant were lower because of a cut back in electric power generation due to a decrease of the power sale price within the context of increased share of hydraulic power production.

INVESTMENTS

Investments play an important part in arresting the production decline both by contributing to the discovery of new reserves and improving the current rate of recovery through the rehabilitation, development, and retrofitting of existing facilities.

For Q1 2015, Romgaz scheduled investments amounting *RON 187.4 million* and spent *RON 215.9 million*, with approximately 15% (*i.e. RON 28 million*) more than the planned investment level. Investments were exclusively financed from the company's own sources.

As compared to the similar time period of 2014, the investments made in Q1 2015 are by 7.3% (*i.e. RON 14.7 million*) higher.

The investments in geological exploration works have significantly increased, being by 68.6% (*i.e. RON 59.4 million*) higher than in Q1 2014 and by 16.4% (*i.e. RON 20.6 million*) higher than scheduled.

The value of fixed assets commissioned during the reviewed period is *RON 90.4 million*.

The table below shows the investments made in Q1 2015, split into main chapters of investments, in comparison with Q1 2014 and Q1 2015 schedule:

*RON *thousand* *

Investment chapter	Result Q1 2014	Schedule Q1 2015	Result Q1 2015	Q1 2015/ Q1 2014	Q1 2015 R/ Q1 2015 S
1	2	3	4	5=4/2x100	6=4/3x100
I. Geological exploration works for the discovery of new gas reserves	86,523	125,300	145,872	168.6%	116.4%
II. Exploitation drilling works, commissioning of new wells, infrastructure and utilities	25,810	9,600	9,718	37.7%	101.2%
III. Supporting underground gas storage capacities	48,752	4,000	4,122	8.5%	103.1%
IV. Environment protection works	1,319	2,100	2,204	167.1%	105.0%
V. Revamping and retrofitting of existing installations and pieces of equipment	28,586	35,000	42,231	147.7%	120.7%
VI. Independent equipment and installation	3,408	5,700	5,848	171.6%	102.6%
VII. Expenses relating to studies and designs	6,807	5,700	5,857	86.0%	102.8%
TOTAL	**201,205**	**187,400**	**215,852**	**107.3%**	**115.2%**

FINANCIAL AND ECONOMC INDICATORS

The company's individual interim financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union. For the purpose of preparing such individual interim financial statements, the Romanian RON (RON) is considered to be the functional currency of the company. IFRS adopted by the EU differs to some extend from IFRS issued by IASB, nevertheless, such differences do not impact the individual interim financial statements of the company for the reviewed periods.

The Q1 2015 individual interim financial statements of the company are not audited nor reviewed by the company's independent auditor.

The company's revenue is generated mainly from sale of natural gas, from UGS-related services and from power production.

Below are the main economic and financial indicators on March 31, 2015 in comparison to the similar period of 2014:

Summary of the interim global result

Description	Q1 2014 (RON thousand)	Q1 2015 (RON thousand)	Difference (RON thousand)	Variation (%)
1	2	3	4=3-2	5=4/2x100
Revenue	1,449,300	1,365,477	(83,823)	-5.78%
Cost of commodities sold	(101,829)	(11,184)	(90,645)	-89.02%
Investment income	17,614	13,618	(3,996)	-22.69%
Other gains or losses	(12,447)	(22,847)	10,400	83.55%
Changes in inventory	(102,005)	(92,659)	(9,346)	-9.16%
Raw materials and consumables used	(24,431)	(21,565)	(2,866)	-11.73%
Depreciation and amortization	(143,816)	(176,393)	32,577	22.65%
Employee benefit expenses	(108,214)	(107,939)	(275)	-0.25%
Finance cost	(4,008)	(4,550)	542	13.52%
Exploration expenses	-	-	-	-
Other expenses	(251,974)	(275,936)	23,962	9.51%

Other income	14,448	13,040	(1,408)	-9.75%
Profit before tax	**732,638**	**679,062**	**(53,576)**	**-7.31%**
Income tax expense	(124,253)	(116,021)	(8,232)	-6.63%
Net profit	**608,385**	**563,041**	**(45,344)**	-7.45%

Detailed Breakdown of Revenue

Description	Q1 2014 (RON thousand)	Q1 2015 (RON thousand)	Differences (RON thousand)	Variation (%)
1	2	3	4=3-2	5=4/2x100
Revenue from gas sales – domestic production	1,099,034	1,169,600	70,566	6.42%
Revenue from UGS services	157,363	152,290	(5,073)	-3.22%
Revenue from import gas resale	93,514	3,195	(90,319)	-96.58%
Revenue from sale of electric power	87,995	29,642	(58,353)	-66.31%
Revenue from gas acquired for resale – domestic production	3,407	3,152	(255)	-7.48%
Revenue from sale of goods	2,732	2,276	(456)	-16.69%
Revenue from other services	3,461	3,632	171	4.94%
Other revenue from operation	1,794	1,690	(104)	-5.80%
Total	**1,449,300**	**1,365,477**	**(83,823)**	**-5.78%**

Revenue

During Q1 of 2015, the company generated revenue of RON 1.37 billion as compared to RON 1.45 billion generated in Q1 2014, resulting in a decrease of revenue by 5.78%.

The revenue from sale of domestic production (including gas from partnerships and commodity gas) was higher in the current period as compared to the similar period of 2014 by RON 70,566 thousand being positively influenced by the growth of the average price of supply determined by consumption decrease.

The revenue from sale of domestic gas generated during January-March 2015 as compared to the same period of 2014 was by RON 68.7 million higher. The factors influencing this result are:

decrease in sales of production volumes by RON 80.01 million m^3 (4.76%) generated revenues lower by RON 50.7 million as compared to the same period of 2014;

the average gas sales price higher by 11.76% as compared to the same period of 2014 had a positive influence over the increase of gas sale revenue by RON 119.4 million.

Details are shown below:

Reveneu generated from sale of own internal production	Q1 2014 (q_0*p_0)	Q1 2015 (q_1*p_1)	Variation (2015/2014)
1	2	3	4=3/2x100
Quantity (million m^3)	1,681.8	1,601.7	95.24%
Price (RON/1000 m^3)	633.5	708.0	111.76%
Value (RON thousand)	1,065,317.8	1,133,999.1	106.45%
Difference (Q1 2015 – Q1 2014) (RON thousand)	**68,681.3**		

Influence of volumes $(q_1xp_0-q_0xp_0)$ (thousand RON)	-50,685.5		
Influence of price $(q_1xp_1-q_1xp_0)$ (thousand RON)	119,366.8		

Revenue from UGS services was influenced by the gas volumes injected/withdrawn into/from the storages and by sensitive changes of tariffs made by ANRE, as indicated below:

Tariff component	M.U.	Tariff (Jan.01-March 31, 2014)	Tariff (Jan.01-March 31, 2015)
Volumetric component for natural gas injection	RON/MWh	2.37	2.53
Fixed component for capacity reservation	RON/MWh/full storage cycle	13.12	13.14
Volumetric component for natural gas withdrawal	RON/MWh	1.80	1.80

Import gas delivery volumes decreased during the first quarter of 2015 compared to the same period of last year, generating less revenue by 96.58%, as shown in the „Physical Indicators" table from above. The reduction in import gas delivery volumes is due both to a decrease of gas demand on the market, as well as to provisions of ANRE Order No. 24/2013 for approval of allocation methodology for domestic gas production that is required for coverage of regulated market consumption, according to which the gas producers are no longer bound to deliver domestic gas mixed with import gas.

Revenues from electric power sale decreased by RON 58.4 million due to cut-back of production triggered by the reduction of power sale price.

Cost of Commodities Sold

For the three months ended March 31, 2015, cost of commodities sold decreased by 89.02%, from RON 101.8 million during the first quarter of 2014 to RON 11.2 million, mainly due to a reduction in sales of imported natural gas, and to a reduction of electric power volumes purchased and resold to Romgaz clients.

Investment Income

For the reporting period, the investment income decreased by 22.69%, (RON 4 million), as a result of interest rate revenue decrease in terms of both interest rate on available cash constituted as cash deposits and interest rates cashed in by the company for its portfolio of public securities.

Other Gains and Losses

For the first quarter of 2015 a loss of RON 22.8 million was generated mainly due to the set-up of an additional bad debt allowance in amount of RON 21 million (CET Galati).

Changes in Inventory

During Q1 2015 and 2014 Romgaz own gas volumes withdrawn from storages were higher than the injected volumes generating a negative change in inventory (loss).

The difference between gas volumes withdrawn and gas volumes injected into UGSs was lower in the first quarter of 2015 than in the same period of 2014, generating a reduction of the negative change in inventory by RON 9 million.

Raw Materials and Consumables Used

In the reviewed period, the value of consumed materials was higher than in the same period of the previous year because of the high volume of current works carried out at wells and compressors.

The value of materials consumed for carrying out own investment works was also higher, however this element of cost recorded in the profit and loss account recorded a decrease compared with previous period due to capitalization of these expenses in the cost of tangible assets.

Depreciation and Amortization

In the three months ended March 31, 2015, depreciation, amortization and impairment expense increased by 22.65% from RON 143.8 million (in March 2014) to RON 176.4 million (in March 2015). This increase was due to adjustment of impairment of work in progress (projects in process of being abandoned) and of tangible assets related to natural gas exploration and production activity of RON 25.1 million.

Expenses related to the depreciation of tangible assets have increased because new fixed assets have been commissioned.

Employee benefit expense

For the reviewed period, employee salary, taxes and benefits remained rather constant in comparison with Q1 2014.

Other expenses

The breakdown by elements of other expenses is shown in the table below:

Indicator	Q1 2014 (thousand RON)	Q1 2015 (thousand RON)	Differences (thousand RON)	Variation (%)
1	2	3	4=3-2	5=4/2x100
Electric power	5,121	2,184	(2,937)	-57.35%
Protocol and advertising	42	26	(16)	-38.10%
Taxes and duties	204,089	234,337	30,248	14.82%
Bank commissions and similar charges	198	146	(52)	-26.26%
Insurance expenses	443	287	(156)	-35.21%
Compensations, fines and penalties	53	5	(48)	-90.57%
Provision expenses	(17,686)	(2,381)	(15,305)	-86.54%
Capacity reservation and transmission services expenses	11,524	5,489	(6,035)	-52.37%
Other operational expenses	48,188	35,840	(12,348)	-25.62%
Total	**251,974**	**275,936**	**23,962**	**9.51%**

The electric power expenses decreased due to covering the largest part of own electric power consumption from CTE Iernut branch. In the profit and loss account it is reflected only the electric power supplied by third parties and its value was lower in the analysed period.

Provision expenses

In Q1 of the year 2015, a part of the RON 2.3 million provision set up for restoring the land to its former condition as agricultural land was reversed.

Moreover, in Q1 2014 the provision set up for CO2 certificates (RON 10 million) on December 31, 2013 has been reversed, and, partially, the provision set up for decommissioning of non-current assets (RON 8 million). The provisions for environmental permits of RON 2 million have been set up as well.

The capacity reservation expenses and electricity transmission expenses decreased in the first quarter of the year 2015 as compared to the first quarter of the year 2014 due to a lower production of electric power.

Other operational expenses decreased due to a lower value of CO2 certificates corroborated with the quantity of the electric power produced (which was lower in Q1 of 2015 as compared to the similar period of the previous year).

In Q1 of 2014 there were also recorded CO2 certificates for the year 2013, whose effect was cancelled due to provision reverse, as mentioned above.

Exploration expenses

For the reporting period ended March 31, 2015 there were no abandoned exploration projects as compared to the similar period of the previous year.

"Other expenses" recorded an increase of 9.51%, from RON 251.98 million on March 31, 2014 to RON 275.94 million on March 31, 2015. This increase is mainly due to the expenses with other duties and taxes, namely:

- Increase of natural gas royalty costs, as a consequence of the increase of natural gas price;
- Increase of the cost of an extra tax on additional revenue (windfall tax) obtained as a result of deregulation of natural gas prices.

Other income

For the three months period ended March 31, 2015, the value of other operating revenues decreased by 9.75%, namely RON 1.4 million and it is due to the decrease of revenue from penalties, compensated by the increase of revenue from transmission services provided for natural gas extracted from deposits and which are invoiced to the company's customers.

Income tax expense

As of March 31, 2014, the Company recorded an income tax expense in amount of RON 124 million as compared to income tax expense of RON 116 million for the three months period ended March 31, 2015 mainly due to a lower current income tax expense and a higher deferred income tax revenue.

Profit for the period

In the first quarter of the year 2015, the Company's net profit decreased by RON 45.34 million (-7.45%) from RON 608 million to RON 563 million due to the cumulative effect of the items presented above.

The breakdown by elements of the segment interim global result as of March 31, 2015 compared to the result as of March 31, 2014 is shown below:

** RON thousand **

Description	Gas production and sales	UGS	Other activities	Adjustments and eliminations	TOTAL
Revenue					
*Q1 2014	1,266,423	157,402	183,237	(157,762)	**1,449,300**
*Q1 2015	1,197,860	152,305	104,795	(89,483)	**1,365,477**
Cost of commodities sold					
*Q1 2014	(90,755)	(2)	(11,072)	-	**(101,829)**
* Q1 2015	(6,007)	(2)	(5,175)	-	**(11,184)**
Investment income					
* Q1 2014	896	250	16,468	-	**17,614**
* Q1 2015	697	1,459	11,462	-	**13,618**
Other gains and losses					
* Q1 2014	(10,501)	-	(1,946)	-	**(12,447)**
* Q1 2015	(22,165)	1	(683)	-	**(22,847)**
Changes in inventory					
* Q1 2014	(72,684)	(29,886)	565	-	**(102,005)**
* Q1 2015	(66,754)	(27,039)	1,134	-	**(92,659)**
Raw materials and consumables used					
* Q1 2014	(11,117)	(2,654)	(11,723)	1,063	**(24,431)**
* Q1 2015	(14,190)	(4,027)	(4,191)	843	**(21,565)**
Depreciation and amortization					
* Q1 2014	(101,407)	(22,348)	(20,061)	-	**(143,816)**
* Q1 2015	(146,653)	(21,028)	(8,712)	-	**(176,393)**
Employee benefit expense					
* Q1 2014	(51,550)	(10,303)	(46,361)	-	**(108,214)**
* Q1 2015	(68,107)	(10,189)	(29,643)	-	**(107,939)**
Finance cost					
* Q1 2014	(4,004)	-	(4)	-	**(4,008)**
* Q1 2015	(4,186)	(364)	-	-	**(4,550)**
Exploration expense					
* Q1 2014	-	-	-	-	-
* Q1 2015	-	-	-	-	-
Other expenses					
* Q1 2014	(336,719)	(18,630)	(53,324)	156,699	**(251,974)**
* Q1 2015	(306,788)	(17,791)	(40,352)	88,995	**(275,936)**
Other income					
* Q1 2014	2,924	203	11,321	-	**14,448**
* Q1 2015	12,728	110	557	(355)	**13,040**
Profit before tax					
*** Q1 2014**	**591,506**	**74,032**	**67,100**	-	**732,638**
*** Q1 2015**	**576,435**	**73,435**	**29,192**	-	**679,062**
Income tax expense					
* Q1 2014	-	-	(124,253)	-	**(124,253)**
* Q1 2015	-	-	(116,021)	-	**(116,021)**
Profit for the period					
*** Q1 2014**	**591,506**	**74,032**	**(57,153)**	-	**608,385**
*** Q1 2015**	**576,435**	**73,435**	**(86,829)**	-	**563,041**

Summary of Statement of individual financial position as of March 31, 2015

INDICATOR	December 31, 2014 (RON thousand)	March 31, 2015 (RON thousand)	Variation (%)
1	2	3	4=(3-2)/2x100
ASSETS			
Non- current assets			
Tangible assets	5,962,719	5,947,259	-0.26%
Other intangible assets	407,449	455,508	11.80%
Investments in associates	738	738	0.00%
Other financial assets	76,889	76,889	0.00%
TOTAL NON-CURRENT ASSETS	**6,447,795**	**6,480,394**	**0.51%**
Current assets			
Inventories	392,108	312,890	-20.20%
Trade and other receivables	1,000,195	1,111,079	11.09%
Other financial assets	916,333	1,302,717	42.17%
Other assets	101,886	144,936	42.25%
Cash and cash equivalents	1,953,787	2,019,426	3.36%
TOTAL CURRENT ASSETS	**4,364,309**	**4,891,048**	**12.07%**
TOTAL ASSETS	**10,812,104**	**11,371,442**	**5.17%**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	385,422	385,422	0.00%
Reserves	2,142,347	2,147,575	0.24%
Retained earnings	7,184,249	7,742,062	7.76%
TOTAL EQUITY	**9,712,018**	**10,275,059**	**5.80%**
Non -current liabilities			
Retirement benefit obligation	97,265	97,265	0.00%
Deferred tax liabilities	131,305	124,387	-5.27%
Provisions	202,293	203,043	0.37%
Total non-current liabilities	**430,863**	**424,695**	-1.43%
Current liabilities			
Trade and other payables	216,983	148,735	-31,45%
Current income tax liabilities	93,590	124,675	33.21%
Provisions	35,814	36,505	1.93%
Other liabilities	322,836	361,773	12.06%
Total current liabilities	**669,223**	**671,688**	**0.37%**
TOTAL LIABILITIES	**1,100,086**	**1,096,383**	**-0.34%**
TOTAL EQUITY AND LIABILITIES	**10,812,104**	**11,371,442**	**5.17%**

Non-current assets

The total non-current assets increased by 0.51%, i.e. RON 32.6 million, from RON 6,447.79 million on December 31, 2014 to RON 6,480.39 million. The increase is due to procurement of tangible and intangible assets used especially in gas exploration and production activity, which was offset by the impairment of assets in progress (some ongoing projects) and adjustments for impairment of some tangible assets in operation and their depreciation and amortization (see Note 12 and 14 of the Financial Statement).

Current Assets

Current assets increased by RON 526.74 million on March 31, 2015 due to increase of cash and cash equivalent, of state bonds and trade receivables.

Inventories

The decrease by 20.20% (RON 79.22 million) is due to the decrease of the gas stock as a result of increased deliveries of gas from current internal production to clients and due to decrease of acquisition of fuel, spare parts and piping as compared to consumption.

Trade receivables and other receivables

Trade receivables increased by 11.09% as a result of the value and amount of gas delivered during Q1 of the year. It is to be mentioned that at the end of 2014 as well as at the end of Q1 2015 the receivables recorded in the Statement of the financial position are current receivables, as the outstanding receivables have been fully provisioned.

Cash and cash equivalents. Other financial assets

Cash and cash equivalents and other financial assets at the end of Q1 have been in amount of RON 3,322.14 million, as compared to RON 2,870.12 million at the end of 2014. This is due to the increase of receipts of equivalent amount of gas deliveries made during the first winter months in Q1 of every year, while at the end of year the receipts are related to the gas deliveries during the fall season. Statistically the highest gas volumes are requested during the winter months.

Other assets

Accrued expenses unsettled by the end of Q1 2015 are RON 48 million higher than at the end of 2014 and represent the tax on special constructions which affect the costs and are scheduled for the following period of 2015. In Q1 2014 such costs have not been recorded as the application norms for calculating such tax have been published only in May 2014.

Equity

Retained earnings increased mainly by the value of net profit made in the first three months of 2015.

Non-current liabilities

Decrease of non-current liabilities is due to the decrease of deferred tax liabilities by RON 7 million.

Current liabilities

Current liabilities decreased by RON 2.46 million as compared to the beginning of the year due to decrease of liabilities to internal suppliers and investment suppliers etc.

Trade and other payables

The decrease by RON 68.25 million is mainly due to the fact that the beneficiaries of Company's gas deliveries made smaller advance payments as compared to the end of 2014.

Other liabilities

The increase by 12.06% (RON 38.94 million) is the result of increase of liability to the state budget related to taxes and duties (an increase by RON 60.03 million), mainly the royalty tax and tax on additional revenue (windfall tax) further to deregulation of prices on the gas market.

Current income tax liabilities

Current income tax liabilities increased due to increase of tax base.

Provisions

Provisions have not changed significantly as compared to December 31, 2014.

Indicators

Company's financial performance is also reflected by the evolution of indicators as shown in the table below:

Indicators	Calculation formula	M.U.	Q1, 2014	Q1, 2015
1	2	3	4	5
Working Capital (WC)	C_{lt}-A_f = E+L_{nc} +Pr+S_i-A_f	mil.RON	4,021	4,219
Working Capital Requirements (WCR)	(A_c-L+ Pp)- (L_{crt}-Cr_{st}+ I_{df})	mil.RON	1,857	2,200
Net Cash Flow	WC-WCR = L-Cr_{st}	mil.RON	2,164	2,019
Economic Rate of Return	P_g/C_{lt}x100	%	7.10	6.35
Return on Equity	P_n/C_{lt}x100	%	6.14	5.48
Return on Sales	P_g/Rx100	%	50.55	49.73
Return on Assets	P_n/Ax100	%	5.56	4.95
EBIT	P_g+Exi-I_r	mil.RON	715	665
EBITDA	EBIT+Am	mil.RON	859	842
ROCE	EBIT/C_{emp} x100	%	6.93	6.22
Asset Solvency	E/Lx100	%	90.49	90.36
Current Liquidity	A_{crt}/L_{crt}	-	7.53	7.28
Gearing Ratio	Lc/E x 100	%	0.00	0.00
Accounts Receivables Turnover (days)	Aar/R x 90	-	69.64	69.58
Property, Plant and Equipment Turnover	R/PPE	-	0.23	0.21

where:

C_{lt}	long-term capital;	I_{df}	deferred income
A_f	fixed 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_c (A_{crt})	current assets;	I_r	interest revenue
L	liquidity position;	Am	amortization;
Pp	prepayments;	C_{emp}	capital employed (total assets–current liabilities);
L_{crt}	current liabilities;		
Cr_{st}	short-term credit;	L	total liabilities
Lc	Loan capital;	Aar	Average Accounts Receivables
PPE	property, plant and equipment		

Please find attached the Individual Interim Financial Statements for the period ended on March 31, 2015, prepared in compliance with the International Financial Reporting Standards (IFRS).

Signatures:

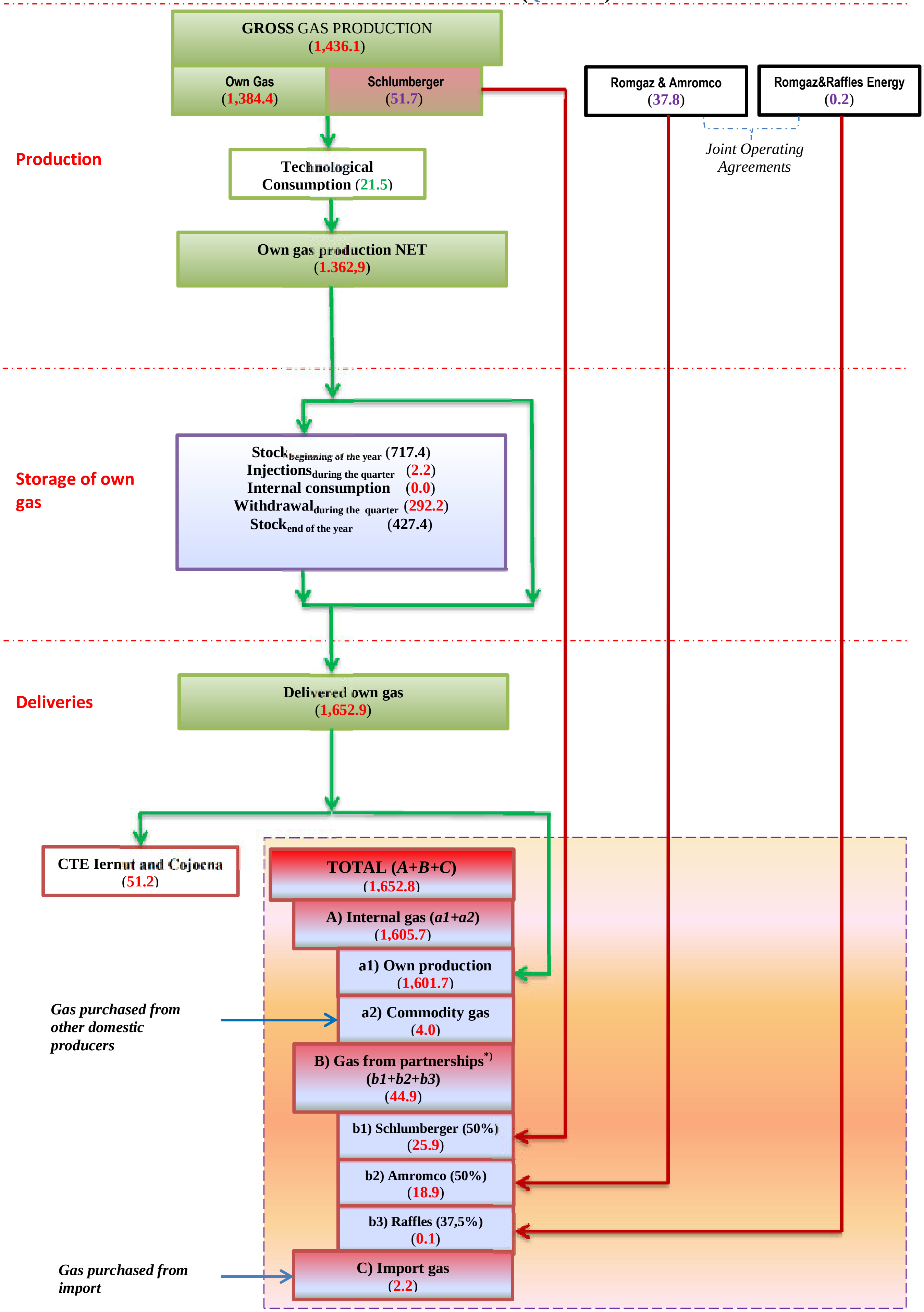
Chairperson of the Board of Directors,

AURORA NEGRUT

....

Director General,	**Economic Department Director,**
MARIUS VIRGIL METEA	**LUCIA IONASCU**

REVENUE FROM GAS SALES (*Q 1 2015*) – *million m³*



*) Schlumberger – the gas is fully included in Romgaz production and 50% in the revenue. With respect to Amromco and Raffles Energy the produced gas is not considered Romgaz production but its value is reflected in Romgaz revenue in compliance with the interest quota held.

S.N.G.N. ROMGAZ S.A.
INDIVIDUAL INTERIM FINANCIAL STATEMENTS (NOT AUDITED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY
THE EUROPEAN UNION

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STATEMENT OF INDIVIDUAL INTERIM COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

	Note	Three months ended March 31, 2015 '000 RON	Three months ended March 31, 2014 '000 RON
Revenue	3	1,365,477	1,449,300
Cost of commodities sold	5	(11,184)	(101,829)
Investment income	4	13,618	17,614
Other gains and losses	6	(22,847)	(12,447)
Changes in inventory of finished goods and work in progress		(92,659)	(102,005)
Raw materials and consumables used	5	(21,565)	(24,431)
Depreciation, amortization and impairment expenses	7	(176,393)	(143,816)
Employee benefit expense	8	(107,939)	(108,214)
Finance cost	9	(4,550)	(4,008)
Other expenses	10	(275,936)	(251,974)
Other income	3	13,040	14,448
Profit before tax		**679,062**	**732,638**
Income tax expense	11	(116,021)	(124,253)
Profit for the period		**563,041**	**608,385**
Total comprehensive income for the period		**563,041**	**608,385**
Basic and diluted earnings per share		0.0015	0.0016

These individual interim financial statements were authorized for issue by the Board of Directors on May 11, 2015.

Societatea Națională de Gaze Naturale "ROMGAZ" S.A. MEDIAȘ J32/392/2001 1

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

STATEMENT OF INDIVIDUAL INTERIM FINANCIAL POSITION
AS OF MARCH 31, 2015 (NOT AUDITED)

	Note	March 31, 2015	December 31, 2014
		'000 RON	'000 RON
Assets			
Non-current assets			
Property, plant and equipment	12	5,947,259	5,962,719
Other intangible assets	14	455,508	407,449
Associates	24	738	738
Other financial assets	25, 28	76,889	76,889
Total non-current assets		**6,480,394**	**6,447,795**
Current assets			
Inventories	15	312,890	392,108
Trade and other receivables	16a	1,111,079	1,000,195
Other financial assets	28	1,302,717	916,333
Other assets	16b	144,936	101,886
Cash and cash equivalents	27	2,019,426	1,953,787
Total current assets		**4,891,048**	**4,364,309**
Total assets		**11,371,442**	**10,812,104**
Equity and liabilities			
Equity			
Share capital	17	385,422	385,422
Reserves	18	2,147,575	2,142,347
Retained earnings		7,742,062	7,184,249
Total equity		**10,275,059**	**9,712,018**
Non-current liabilities			
Retirement benefit obligation	19	97,265	97,265
Deferred tax liabilities	11	124,387	131,305
Provisions	19	203,043	202,293
Total non-current liabilities		**424,695**	**430,863**

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

STATEMENT OF INDIVIDUAL INTERIM FINANCIAL POSITION
AS OF MARCH 31, 2015 (NOT AUDITED)

	Note	March 31, 2015	December 31, 2014
		'000 RON	'000 RON
Current liabilities			
Trade and other payables	**20**	148,735	216,983
Current tax liabilities		124,675	93,590
Provisions	**19**	36,505	35,814
Other liabilities	**20**	361,773	322,836
Total current liabilities		**671,688**	**669,223**
Total liabilities		**1,096,383**	**1,100,086**
Total equity and liabilities		**11,371,442**	**10,812,104**

These individual interim financial statements were authorized for issue by the Board of Directors on May 11, 2015.

Societatea Națională de Gaze Naturale "ROMGAZ" S.A. MEDIAȘ J32/392/2001 1

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

STATEMENT OF INDIVIDUAL INTERIM CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

	Share capital	Legal reserve	Other reserves	Retained earnings	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2015	385,422	77,084	2,065,263	7,184,249	9,712,018
Total comprehensive income for the period	-	-	-	563,041	563,041
Increase other reserves	-	-	5,228	(5,228)	-
Balance as of March 31, 2015	**385,422**	**77,084**	**2,070,491**	**7,742,062**	**10,275,059**
Balance as of January 1, 2014	**1,892,681**	**77,084**	**1,872,516**	**5,450,493**	**9,292,774**
Total comprehensive income for the period	-	-	-	608,385	608,385
Balance as of March 31, 2014	**1,892,681**	**77,084**	**1,872,516**	**6,058,878**	**9,901,159**

Other reserves

Other reserves include the development fund of the Company, non-distributable reserve related to the geological quota, tax incentives (Note 18).

As at March 31, 2015, the reserve related to the geological quota amounts to thousand RON 2,917,764 (thousand RON 3,159,666 as of December 31, 2014 and thousand RON 3,159,666 as of March 31, 2014). Until the transition to IFRS as adopted by the EU, the Company benefited from the geological quota facility whereby it could be charged up to 35% of the value of the gas sold and collected during the year. This facility was recognized in reserves for statutory purposes. It was treated as non-deductible for fiscal purposes since 2004. The geological quota as of December 31, 2004 was in amount of thousand RON 486,388. The Company decided to maintain it as permanent reserve and not to be used anymore for investments. The geological quota and its use are subject to changes in legal requirements. The amount of thousand RON 486,388 is included in "Other reserves", the remaining balance being recorded in retained earnings.

In the three months ended March 31, 2015, the Company increased the reserves from tax incentives under the Emergency Ordinance No. 19/April 23, 2014, with the amount of thousand RON 5,228.

These individual interim financial statements were authorized for issue by the Board of Directors on May 11, 2015.

Virgil Metea
General Manager

Lucia Ionascu
Director Economic

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

STATEMENT OF INDIVIDUAL INTERIM CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Cash flows from operating activities		
Net profit for the period	**563,041**	**608,385**
Adjustments for:		
Income tax expense	116,021	124,253
Interest expense	6	5
Unwinding of decommissioning provision	4,544	4,003
Interest revenue	(13,618)	(17,614)
Loss on disposal of non-current assets	1,282	355
Change in decommissioning provision recognized in profit or loss, other than unwinding	(200)	(8,418)
Change in other provisions	(2,180)	(9,268)
Impairment of exploration assets	12,699	-
Impairment of property, plant and equipment	12,424	-
Depreciation and amortization	151,270	143,816
Loss from exchange rates differences	-	1,336
Loss from trade receivables and other assets	20,966	10,507
	866,255	**857,360**
Movements in working capital:		
Decrease in inventory	79,268	175,111
Increasein trade and other receivables	(185,920)	(98,268)
Decrease in trade and other liabilities	(18,522)	(47,253)
Cash generated from operations	**741,081**	**886,950**
Interest paid	(6)	(5)
Income tax paid	(91,854)	(199,980)

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

STATEMENT OF INDIVIDUAL INTERIM CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Net cash generated by operating activities	**649,221**	**686,965**
Cash flows from investing activities		
(Increase)/Decrease in other financial assets	(389,975)	86,578
Interest received	17,209	24,311
Proceeds from sale of non-current assets	19	-
Loans granted to associates	(679)	-
Reimbursements of loans from associates	65	-
Dividends received	1,634	-
Acquisition of non-current assets	(64,853)	(83,494)
Acquisition of exploration assets	(146,213)	(114,331)
Net cash used in investing activities	**(582,793)**	**(86,936)**
Cash flows from financing activities		
Dividends paid	(789)	-
Net cash used in financing activities	**(789)**	**-**
Net increase in cash and cash equivalents	**65,639**	**600,029**
Cash and cash equivalents at the beginning of the period	**1,953,787**	**1,563,590**
Cash and cash equivalents at the end of the period	**2,019,426**	**2,163,619**

These individual interim financial statements were authorized for issue by the Board of Directors on May 11, 2015.

Societatea Națională de Gaze Naturale "ROMGAZ" S.A. MEDIAȘ J32/392/2001 1

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

1. BACKGROUND AND GENERAL BUSINESS

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

The Romanian gas sector was reorganized in accordance with Government Decision no. 575 published in the Official Gazette of June 27, 2001.

The Exploration and Production of Natural Gas Company "Exprogaz" S.A. merged with the National Company for Underground Storage of Natural Gas "Depogaz" S.A. – the new entity being called the Natural Gas National Company "Romgaz" SA, recorded as joint-stock company in compliance with legislation in force in Romania. S.N.G.N. Romgaz S.A. took over all rights and obligations, staff and all ongoing contracts from the two merging companies.

The Ministry of Energy, Small and Medium Enterprises and Business Environment as representative of the Romanian State, is shareholder of S.N.G.N. Romgaz S.A. together with Fondul Proprietatea, 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. exploitation, 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;
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.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The individual interim 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). 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 International Accounting Standards Board (IASB), however, the differences have no material impact on the Company's individual interim financial statements for the periods presented.

The same accounting policies and methods of computation are used in these individual interim financial statements as compared with the most recent annual individual financial statements issued by the Company.

Basis of preparation

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

The individual interim financial statements are unaudited and, in the opinion of management, include all adjustments necessary for a fair presentation of the results for each period. All such adjustments are of a normal recurring nature.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

The Company prepares individual interim financial statements, as it has no subsidiaries, and incorporated the entities associated, entities over which the Company has a significant influence, by equity accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When necessary, adjustments are made to the financial statements of the associates to bring their accounting policies into line with those used by the Company.

These individual interim 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 individual 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 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 individual interim 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.

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. The results, assets and liabilities of associates are incorporated in the individual financial statements using the equity method.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint arrangements (continued)

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 venturers.

Joint operations

The Company shall recognise 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 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 individual financial statements, the Company recognizes its interest in a joint venture as investment, at cost, if it has joint control.

Standards and Interpretations effective in the current period

The following standards, amendments or improvements to the existing standards issued by the IASB and adopted by the EU are effective for the current period:

- Annual improvements to IFRSs – cycle 2011 - 2013, adopted by the EU on December 18, 2014 (effective for annual periods beginning on or after January 1, 2015),

- IFRIC 21 "Levies" adopted by the EU on June 13, 2014 (effective for annual periods beginning on or after June 17, 2014).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations effective in the current period (continued)

The adoption of these amendments, interpretations or improvements to the existing standards has not led to any changes in the Company's accounting policies.

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of issue of the individual interim financial statements, the following standards, amendments to the existing standards and interpretations issued by IASB and adopted by the EU were issued, but not yet effective:

- Annual improvements to IFRS – cycle 2010-2012 adopted by the EU on December 17, 2014 (effective for annual periods beginning on or after February 1, 2015);

- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions - adopted by the EU on December 17, 2014 (effective for annual periods beginning on or after February 1, 2015).

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 individual interim financial statements:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after January 1, 2018);

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after January 1, 2016);

- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after January 1, 2017);

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after January 1, 2016);

- Annual improvements to IFRSs – cycle 2012-2014 (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after January 1, 2016, to be amended);

- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Bearer Plants (effective for annual periods beginning on or after January 1, 2016);

- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after January 1, 2016);

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations issued by IASB but not yet adopted by the EU (continued)

- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after January 1, 2016).

The Company anticipates that the adoption of these standards, amendments or improvements to the existing standards and interpretations will have no material impact on the individual financial statements of the Company in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement", would not significantly impact the individual financial statements, if applied as at the end of the reporting date.

Revenue recognition

Revenues refer to goods sold (gas) and services supplied.

Revenue from the sale of goods is recognized when all of the following conditions are met:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is based on the stage of completion as a percentage from total revenues from the service contract, the percentage being determined by the fraction between the performed services until the end of the reporting date and the total services to be performed.

Revenue arising from royalties is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest revenue is recognized periodically and proportionally as the respective revenue is generated on accrual basis.

Dividends are recognized as revenue when the legal right to receive them is established.

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 individual interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Exchange differences are recognized in the statement of comprehensive income in the period in which they arise.

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 statutory 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 was 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 was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

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 recorded an expense with a liability 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 will be settled in less than a year and are measured at the amounts 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.

Provisions for decommissioning of wells and restoration of lands damaged by the activity of exploiting natural gas resources

Liabilities for decommissioning costs are recognized when the Company has an 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 and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. 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 a discount factor based on the weighted average cost of capital.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

Provisions for decommissioning of wells and restoration of lands damaged by the activity of exploiting natural gas resources (continued)

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 shall be 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 shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in the statement of comprehensive income;

c. if the adjustment results in an addition to the cost of an asset, the Company shall consider 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 shall account for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt shall be recognized in the income statement in the year when they occur.

The periodical unwinding of the discount is recognized annually 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 years 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 statement of financial position date.

Deferred tax

Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the individual interim 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

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 balance sheet date. 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 set off 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 and deferred tax are 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 they arise 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 acquiree'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) *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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

(1) Cost (continued)

(iii) *Maintenance and repairs*

The Company will 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 current cost for 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

For indirectly productive tangible 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.

For directly productive tangible assets (assets related to natural gas extraction), the Company applies the depreciation method based on the unit of production in order to reflect in the profit or loss 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.

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 retired or otherwise 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 current period's result.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 written off as a dry hole. 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, the costs are 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 the 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 mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral 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. Exploitation and storage licenses issued by the National Authority for Energy Regulation ("ANRE") and concessions for natural gas fields from the National Agency for Mineral Resources ("ANRM") are recognized at cost from the moment they are obtained by the Company.

Intangible assets are not revalued.

(2) Amortization

Patents, trademarks 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. Exploitation, respectively storage licenses, are amortized over the period for which they were issued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. 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. 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 and other investments. Financial liabilities include interest-bearing bank loans and overdrafts and trade and other payables, accruals. 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.

Financial assets are classified into the following categories: "held-to-maturity investments" and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables, including trade and other receivables, bank balances and cash and other receivables, are initially recognized at fair value, net of transaction costs. Subsequently these are recorded at amortized cost using the effective interest method, less any impairment. Any difference between the initial recognition and repayable amount is recognized in profit and loss over the period of the loan, using the effective interest rate method.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities, other than financial liabilities at fair value through profit or loss, are deducted from the fair value of financial liabilities on initial recognition.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The classification of investment depends on the nature and purpose and is determined at the time of initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Available for sale (AFS) financial assets

Financial assets available for sale are non-derivatives financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or other financial assets measured at fair value through profit or loss.

Shares held in unquoted equity instrument are classified as being AFS and are stated at fair value where it can be measured. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

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 date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserves

Reserves include:

- legal reserves, which are used annually to transfer profits from retained profits, up to 5% of the statutory profit being transferred each year, but not to exceed 20% of the Company's statutory share capital;

- 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 tax incentives, set up based on Emergency Ordinance no. 19/April 23, 2014. The amount of profit that benefited from tax exemption under the above Ordinance less the legal reserve, was distributed at the end of the financial year by setting up the reserve;

- development quota reserve, non-distributable, set up until 2004 (statement of individual changes in equity).

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 individual interim 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, capitalized expenses are written off. The write off 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 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 gas reserve certified at the beginning of the period. The gas reserves are updated annually based on internal assessment approved by the National Authority for Mineral Resources.

Estimates related to the decommissioning provision

Liabilities for decommissioning costs are recognized when the Company has an 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 and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. 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 a discount factor using the weighted average capital cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

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 was 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 was 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.

Estimates regarding the environment provision

The Company records a provision for the restoration of land and for the redemption of the land to the agricultural circuit, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state. The estimate is based on previous experience and based on budgeted well drilling and exploration.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 3 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Company works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Economic Director reports the valuation findings to the board of directors of the Company on a regular basis to explain the cause of fluctuations in the fair value of the assets and liabilities.

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.

Comparative information

For each item of the statement of individual interim financial position, the statement of individual interim comprehensive income and, where is the case, for the statement of individual interim changes in equity and for the statement of individual interim cash flows, for comparative information purposes is presented the value of the corresponding item for the previous period ended. In addition, the Company presents an additional statement of individual 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 individual financial statements, which has a material impact on the Company.

3. REVENUE AND OTHER INCOME

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Revenue from gas sold – domestic production	1,169,600	1,099,034
Revenue from gas acquired for resale – import gas	3,195	93,514
Revenue from gas acquired for resale – domestic gas	3,152	3,407
Revenue from storage services	152,290	157,363
Revenue from electricity	29,642	87,995
Revenue from sale of goods	2,276	2,732
Revenue from services	3,632	3,461
Revenue from operating revenues	14,730	16,242
Total	**1,378,517**	**1,463,748**

4. INVESTMENT INCOME

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Interest revenue	13,618	17,614
Total	**13,618**	**17,614**

5. COST OF COMMODITIES SOLD AND RAW MATERIALS AND CONSUMABLES USED

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Consumables used	20,587	22,099
Cost of gas acquired for resale, sold – import	3,090	87,697
Cost of gas acquired for resale, sold – domestic	2,913	2,923
Cost of electricity imbalance	5,048	10,960
Cost of other goods sold	133	249
Other consumables	978	2,332
Total	**32,749**	**126,260**

6. OTHER GAINS AND LOSSES

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Forex gain	39	609
Forex loss	(638)	(2,194)
Losson disposal of property, plant and equipment	(1,282)	(355)
Receivable allowances and write offs, net	(20,966)	(10,507)
Total	**(22,847)**	**(12,447)**

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Depreciation	151,270	143,816
Out of which:		
Depreciation of property, plant and equipment	146,158	138,522
Amortization of intangible assets	5,112	5,294
Impairment of fixed assets	25,123	-
Total depreciation, amortization and impairment	**176,393**	**143,816**

8. EMPLOYEE BENEFITS AND SOCIAL CHARGES

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Wages and salaries	81,959	80,381
Social security charges	19,017	22,778
Meal tickets	2,808	2,663
Other benefits according to collective labor contract	1,599	748
Private pension payments	2,556	1,644
Total	**107,939**	**108,214**

In the three months ended March 31, 2015, in addition to the amount of thousand RON 107,939, the Company recorded personnel expenses in amount of thousand RON 20,567 which have been capitalized in the cost of internally produced tangible assets (three months ended March 31, 2014: thousand RON 15,593).

9. FINANCE COSTS

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Interest expense	6	5
Unwinding of the decommissioning provision	4,544	4,003
Total	**4,550**	**4,008**

10. OTHER EXPENSES

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Energy and water expenses	2,184	5,121
Expenses for capacity booking and gas transmission services	5,489	11,524
Expenses with other taxes and duties	234,337	204,089
(Gain)/Loss from provisions movement	(2,380)	(17,686)
Other operating expenses	36,306	48,926
Total	**275,936**	**251,974**

In the three months ended March 31, 2015, the major taxes included in the amount of thousand RON 234,337 for taxes and duties are:

- thousand RON 126,745 (three months ended March 31, 2014: thousand RON 88,233) represent windfall tax resulting from the deregulation of prices in the natural gas sector according to Government Ordinance no. 7/2013 modified by the Emergency Ordinance no. 13/2014 for the implementation of the windfall tax following the deregulation of prices in the natural gas sector;

- thousand RON 16,210 (three months ended March 31, 2014: thousand RON 0) represent tax on special construction according to Government Ordinance no. 102/2013 for the modification and completion of Law 571/2003 regarding the Fiscal Code and for the regulation of certain financial-fiscal measures. The tax was introduced in 2014 and it was determined starting May, 2014;

- thousand RON 79,502 represents royalty on gas production and storage activity (three months ended March 31, 2014: thousand RON 78,390).

11. INCOME TAXES

Income tax	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Current period tax expense	122,939	126,050
Deferred income tax revenue	(6,918)	(1,797)
Income tax expense	**116,021**	**124,253**

The tax rate used for the three months ended March 31, 2015, respectively March 31, 2014 reconciliations below is the corporate tax rate of 16% payable by corporate entities in Romania on taxable profits under tax law in that jurisdiction.

The total charge for the period can be reconciled to the accounting profit as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Accounting profit before tax	**679,062**	**732,638**
Income tax expense calculated at 16%	108,650	117,222
Effect of income exempt of taxation	(1)	(1,626)
Effect of expenses that are not deductible in determining taxable profit	6,204	5,251
Effect of temporary differences	1,168	3,406
Income tax expense	**116,021**	**124,253**

Components of deferred tax liability:

	March 31, 2015		December 31, 2014	
Components of deferred tax	Cumulative temporary differences	Deferred tax (asset) / liability	Cumulative temporary differences	Deferred tax (asset) / liability
	'000 RON	'000 RON	'000 RON	'000 RON
Provisions	(323,967)	(51,835)	(320,227)	(51,236)
Property, plant and equipment	1,250,709	200,113	1,290,285	206,446
Receivables and other assets	(149,323)	(23,891)	(149,399)	(23,905)
Total	**777,419**	**124,387**	**820,659**	**131,305**
Charged to income		**(6,918)**		**(15,135)**

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

12. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Development cost - WIP	Capital work in progress - other	Total
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Cost									
As of January 1, 2015	104,058	457,028	4,872,197	1,096,588	157,645	1,604,301	852,508	548,085	9,692,410
Additions *)	399	3,568	57,244	8,380	688	21,587	94,084	64,066	250,016
Disposals *):	-	(1)	(2,201)	(437)	(2)	-	(14,448)	(75,818)	(92,907)
Reclassification	-	355,583	256,831	(434,327)	(76,280)	(101,807)	-	-	-
As of March 31, 2015	104,457	816,178	5,184,071	670,204	82,051	1,524,081	932,144	536,333	9,849,519
Accumulated depreciation									
As of January 1, 2015	-	84,071	2,030,012	505,872	113,502	370,324	-	-	3,103,781
Charge for the period **)	-	8,007	109,880	14,742	1,724	19,761	-	-	154,114
Disposals		(1)	-	(429)	(3)	-	-	-	(433)
Reclassification	-	86,055	106,395	(126,929)	(60,662)	(4,859)	-	-	-
As of March 31, 2015	-	178,132	2,246,287	393,256	54,561	385,226	-	-	3,257,462
Impairment									
As of January 1, 2015	3,180	15,176	174,085	24,881	298	6,253	339,084	62,953	625,910
Charge for the period	-	9	30,187	159	-	-	16,291	8,509	55,155
Release during the period	-	(15)	(10,961)	(1,476)	(50)	(442)	(9,827)	(13,496)	(36,267)
Reclassification	-	810	14	(404)	58	(478)	-	-	-
As of March 31, 2015	3,180	15,980	193,325	23,160	306	5,333	345,548	57,966	644,798
Carrying value as of January 1, 2015	100,878	357,781	2,668,100	565,835	43,845	1,227,724	513,424	485,132	5,962,719
Carrying value as of March 31, 2015	101,277	622,066	2,744,459	253,788	27,184	1,133,522	586,596	478,367	5,947,259

**) Amounts include put in functions/transfers in amount of thousand RON 90,215*

***) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to thousand RON 7,369.*

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Development cost - WIP	Capital work in progress - other	Total
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Cost									
As of January 1, 2014	103,110	449,978	4,539,218	1,002,118	153,893	1,539,539	691,696	312,332	8,791,884
Additions*)	1,252	1,118	47,263	8,046	121	179	70,559	86,416	214,954
Disposals*)	(547)	(130)	(1,555)	(2,037)	(465)	-	(28,200)	(18,184)	(51,118)
As of March 31, 2014	103,815	450,966	4,584,926	1,008,127	153,549	1,539,718	734,055	380,564	8,955,720
Accumulated depreciation									
As of January 1, 2014	-	54,773	1,739,256	415,026	89,594	297,858	-	-	2,596,507
Charge for the period**)	-	5,247	89,299	28,979	2,344	18,979	-	-	144,848
Disposals	-	(6)	(1)	(146)	(17)	-	-	-	(170)
As of March 31, 2014	-	60,014	1,828,554	443,859	91,921	316,837	-	-	2,741,185
Impairment									
As of January 1, 2014	3,180	14,383	69,645	22,780	124	-	276,880	41,118	428,110
Release during the period	-	-	-	(188)	-	-	-	-	(188)
As of March 31, 2014	3,180	14,383	69,645	22,592	124	-	276,880	41,118	427,922
Carrying value as of January 1, 2014	99,930	380,822	2,730,317	564,312	64,175	1,241,681	414,816	271,214	5,767,267
Carrying value as of March 31, 2014	100,635	376,569	2,686,727	541,676	61,504	1,222,881	457,175	339,446	5,786,613

**) Amounts include put in functions/transfers in amount of thousand RON 46,384.*

***) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to thousand RON 5,343.*

13. EXPLORATION AND APPRAISAL FOR NATURAL GAS RESOURCES

The following financial information represents the amounts included within the group totals relating to activity associated with the exploration for and appraisal of oil and natural gas resources. All such activity is recorded within the Upstream segment.

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Capital expenditure	146,039	105,757
Net movement in exploration assets' impairment	12,699	-
Net cash used in investing activities	(146,213)	(114,331)

	March 31, 2015	Dec 31, 2014
	'000 RON	'000 RON
Exploration assets	1,013,597	894,705
Liabilities	(84,718)	(125,496)
Net assets	928,879	769,209

14. OTHER INTANGIBLE ASSETS

	Development expenses	Licenses	Intangible development assets - WIP	Intangible work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost					
As of January 1, 2015	14,584	168,266	497,329	2,606	682,785
Additions	372	1,413	51,955	5,842	59,582
Disposals		(174)	-	(176)	(350)
As of March 31, 2015	14,956	169,505	549,284	8,272	742,017
Accumulated amortization					
As of January 1, 2015	5,056	152,045	-	-	157,101
Charge for the period	552	4,560	-	-	5,112
Disposals	-	(174)	-	-	(174)
As of March 31, 2015	5,608	156,431	-	-	162,039
Impairment					
As of January 1, 2015	-	-	116,048	2,187	118,235
Charge for the period	-	-	6,340	-	6,340
Release during the period	-	-	(105)	-	(105)
As of March 31, 2015	-	-	122,283	2,187	124,470
Carrying value as of January 1, 2015	9,528	16,221	381,281	419	407,449
Carrying value as March 31, 2015	9,348	13,074	427,001	6,085	455,508

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

14. OTHER INTANGIBLE ASSETS (continued)

	Development expenses	Licenses	Intangible development assets - WIP	Intangible work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost					
As of January 1, 2014	4,133	160,044	381,577	4,834	550,588
Additions	-	620	35,198	9,033	44,851
Disposals	-	(166)	(276)	(269)	(711)
As of March 31, 2014	4,133	160,498	416,499	13,598	594,728
Accumulated amortization					
As of January 1, 2014	4,088	138,369	-	-	142,457
Charge for the period	8	5,286	-	-	5,294
Disposals	-	(167)	-	-	(167)
As of March 31, 2014	4,096	143,488	-	-	147,584
Impairment					
As of January 1, 2014	-	-	24,175	-	24,175
As of March 31, 2014	-	-	24,175	-	24,175
Carrying value as of January 1, 2014	45	21,675	357,402	4,834	383,956
Carrying value as March 31, 2014	37	17,010	392,324	13,598	422,969

15. INVENTORIES

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Spare parts and materials	140,235	142,687
Work in progress	685	144
Finished goods	140,003	240,104
Residual products	118	105
Inventories at third parties	52,554	39,816
Commodities (import gas)	10,182	213
Other commodities	74	-
Packaging	5	5
Write-down allowance for slow moving inventory	(24,060)	(24,060)
Write-down allowance for inventories at third parties	(6,906)	(6,906)
Total	312,890	392,108

16. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Trade receivables - short term	1,651,665	1,528,203
Bad debt allowances - short term (Note 16 c)	(561,871)	(565,968)
Trade receivables - long term	25,068	-
Bad debt allowances – long term (Note 16 c)	(25,068)	-
Accrued receivables	21,285	37,960
Total trade receivables	**1,111,079**	**1,000,195**

b) Other assets

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Advance paid to suppliers	28,401	34,999
Joint venture receivables	8,506	436
Loans to associates *)	17,386	17,054
Interest on loan to associates	833	846
Bad debt allowance for loans to associates (Note 16 c)	(18,219)	(17,900)
Other receivables	8,795	9,289
Other debtors	45,072	45,404
Prepayments	89,647	42,015
VAT not yet due	7,267	12,500
Bad debt allowances for other debtors (Note 16 c)	(42,752)	(42,757)
Total other assets	**144,936**	**101,886**

*) During 2011, Romgaz S.A. signed two loan contracts with Energia Torzym Spolka and Energia Cybinka Spolka, each with a maximum amount of thousand EUR 5,000. Both agreements will terminate on December 31, 2015. Interest will be calculated on the balance of the loan drawn down on an annual basis rate equivalent to ECB Euro base interest rate plus 1% per annum. The applicable ECB Euro base interest rate will be used as at the last working day of a calendar year. Interest is not to be capitalized.

Given the fact that until the individual interim financial statements date were not identified natural gas resources and the two companies do not generate revenue, there is an uncertainty regarding their ability to repay the loans at maturity, reason for which the Company has set up an impairment for the two loans granted.

16. ACCOUNTS RECEIVABLE (continued)

c) Changes in the allowance for doubtful debts

	2015	2014
	'000 RON	'000 RON
At January 1	**626,625**	**393,289**
Charge during the period	21,337	10,507
Forex on revaluation of foreign currency balances	319	-
Releases during the period	(371)	(13)
At March 31	**647,910**	**403,783**

As of March 31, 2015, the Company recorded allowances for bad debts related to receivables from Interagro thousand RON 268,676 (December 31, 2014: thousand RON 261,015), GHCL Upsom of thousand RON 60,371 (December 31, 2014: thousand RON 60,371), CET Iasi of thousand RON 46,271 (December 31, 2014: thousand RON 46,271), ELECTROCENTRALE GALATI with thousand RON 181,918 (December 31, 2014: thousand RON 160,678) and G-ON EUROGAZ of thousand RON 14,848 (December 31, 2014: thousand RON 14,903) due to existing financial conditions of these customers as well as ongoing litigating cases related to these receivables or related to the effect of loss of value as a result of the exceeding of the maturity by more than 1 year.

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Current receivables but not impaired	1,088,234	958,596
Overdue receivables but not impaired		
less than 30 days overdue	766	10,534
30 to 90 days overdue	47	1
90 to 360 days overdue	747	749
Total overdue receivables but not impaired	**1,560**	**11,284**
Total trade receivables	**1,089,794**	**969,880**

17. SHARE CAPITAL

	Share capital	
	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
385,422,400 fully paid ordinary shares	385,422	385,422
Total	**385,422**	**385,422**

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

17. SHARE CAPITAL (continued)

The shareholding structure as at March 31, 2015 is as follows:

	No. of shares	Value '000 RON	%
The Romanian State through the Ministry of Energy, Small and Medium Enterprises and Business Environment	269,823,080	269,823	70
"Proprietatea" Fund	38,542,960	38,543	10
Legal persons	66,004,101	66,004	17
Physical persons	11,052,259	11,052	3
Total	**385,422,400**	**385,422**	**100**

All shares are ordinary and were subscribed and fully paid as at March 31, 2015. All shares carry equal voting rights and have a nominal value of RON 1/share (December 31, 2014: RON 1/share).

18. RESERVES

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Legal reserves	77,084	77,084
Other reserves, of which:	2,070,491	2,065,263
- Company's development fund	1,548,207	1,548,207
- Tax incentives	35,896	30,668
- Geological quota set up until 2004	486,388	486,388
Total reserves	**2,147,575**	**2,142,347**

19. PROVISIONS

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Decommissioning provision - long term portion	203,043	202,293
Decommissioning provision - short term portion	22,821	19,950
Retirement benefit obligation	97,265	97,265
Provisions for land restoration	12,846	15,146
Other provisions	838	718
Total	**336,813**	**335,372**

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

19. PROVISIONS (continued)

Decommissioning provision

At each balance sheet date, the Company revises estimates regarding future decommissioning liabilities, using best estimates considering the applicable legislation. In determining those provisions, the management of the Company considers existing and future technologies that are expected to be used in the period when it is expected that the costs will be incurred.

Decommissioning provision movement	2015	2014
	'000 RON	'000 RON
At January 1	**222,243**	**214,161**
Additional provision recorded against non-current assets	184	9,962
Unwinding effect	4,544	4,003
Recorded in profit or loss	(200)	(8,418)
Release against non-current assets	(907)	(4,275)
At March 31	**225,864**	**215,433**

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 weighted average cost of capital as of March 31, 2015 of 8.8% (December 31, 2014: 8.8%). 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.

Retirement benefit obligation

In the ordinary course of business, the Company make payments from health funds, state pensions and unemployment benefits on behalf of its employees at statutory rates. All Company's employees are members of the Romanian state pension plan. These costs are recognized in profit or loss in the same time with the wages recognition.

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplicator of the gross salary, depending on their seniority within the Company, working conditions etc. This provision was 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 was brought to this 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.

20. TRADE AND OTHER CURRENT LIABILITIES

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Accruals	13,267	48,844
Trade payables	26,780	39,324
Payables to fixed assets suppliers	99,167	110,859
Advances from customers	9,521	17,956
Total trade payables	**148,735**	**216,983**
Payables related to employees	38,706	55,353
Royalties	80,547	77,097
Social security taxes	14,222	26,465
Other current liabilities	29,307	31,600
Joint venture payables	2,725	4,089
VAT	80,872	70,260
Dividends payable	1,561	2,350
Windfall tax	42,347	50,188
Tax on special construction	65,278	-
Other taxes	6,208	5,434
Total other current liabilities	**361,773**	**322,836**
Total trade and other current liabilities	**510,508**	**539,819**

21. 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 programme focuses on the unpredictability of financial markets and seeks to minimise 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.

Management reviews financial risks periodically, with the objective of ascertaining whether they are likely to exceed certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

(a) Market risk

(i) *Foreign exchange risk*

The Company is not exposed to currency risk as a result of reduced exposure to various currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

Since March 2014, the Company purchases import gas via an internal supplier, at prices expressed in lei.

The official exchange rates were as at March 31, 2015 RON 4.1115 to USD 1 and RON 4.4098 to EUR 1 and (December 31, 2014: RON 3.6868 to USD 1 and RON 4.4821 to EUR 1).

21. FINANCIAL INSTRUMENTS (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) *Inflation risk*

The official inflation rate in Romania, during the three-month period ended March 31, 2015 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

(iii) *Interest rate risk*

The Company is exposed to interest rate risk due to loans granted to related parties.

As of March 31, 2015, the Company had granted variable interest bearing loans having a gross value and the related interest of thousand RON 18,219 (December 31, 2014: thousand RON 17,900).

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 cash and cash equivalents, bank deposits, trade receivables and loans. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of bad debt allowances, cash and cash equivalents and loans, 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 94% of trade receivable balance at March 31, 2015 (92% as of December 31, 2014). 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 amounts of dividends paid to shareholders, return capital to shareholders, 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, short-term loans 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.

The shares held in available for sale financial investments are not quoted in an active market and their fair value cannot be reliably measured, therefore they are measured at cost. At each period end the Company makes an assessment to determine whether there is any indication of impairment. As of March 31, 2015 the Company did not identify any indication of impairment of other financial investments, except for the adjustments already recorded.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

21. FINANCIAL INSTRUMENTS (continued)

Financial risk factors (continued)

(d) Fair value estimation (continued)

The Company is not exposed to significant currency risk arising from foreign currencies exchange rates against the RON, as a result of limited transactions in foreign currency. All Company's sales are made to customers in Romania. Most purchases of the Company are from domestic suppliers. Furthermore, investments in bank deposits and government bonds are in RON.

As of March 31, 2015, the Company's exposure to interest risk is limited, due to the fact that it has no borrowings and financial assets bear a fixed interest rate, except for the loans granted by the Company. However, these loans do not pose significant interest rate risk, due to their low value (gross vale of loans and the related interest receivable of thousand RON 18,219 at March 31, 2015; thousand RON 17,900 at December 31, 2014).

e) Maturity analysis for non-derivative financial assets and financial liabilities

March 31, 2015	**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	650,145	439,353	296	-	-	1,089,794
Treasury bills	-	352,169	525,793	-	-	877,962
Total	**650,145**	**791,522**	**526,089**	**-**	**-**	**1,967,756**
Trade payables	(148,735)	-	-	-	-	(148,735)
Total	**(148,735)**	**-**	**-**	**-**	**-**	**(148,735)**
Net	**501,410**	**791,522**	**526,089**	**-**	**-**	**1,819,021**

December 31, 2014	**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	497,013	472,569	298	-	-	969,880
Treasury bills	-	-	468,016	-	-	468,016
Total	**497,013**	**472,569**	**468,314**	**-**	**-**	**1,437,896**
Trade payables	(216,983)	-	-	-	-	(216,983)
Total	**(216,983)**	**-**	**-**	**-**	**-**	**(216,983)**
Net	**280,030**	**472,569**	**468,314**	**-**	**-**	**1,220,913**

21. FINANCIAL INSTRUMENTS (continued)

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 actual cash flows and by matching the maturity profiles of financial assets and liabilities.

22. RELATED PARTY TRANSACTIONS

The main transactions and balances with related parties are detailed below.

(i) Sales of goods and services

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Romgaz's associates	1,580	1,740
Total	**1,580**	**1,740**

(ii) Trade receivables and other receivables

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Romgaz's associates	1,451	1,306
Total	**1,451**	**1,306**

Most of the Company's clients are companies in which the Romanian State has control or continues to have a significant influence after their privatization, given the strategic importance of the area in which both the Company and its customers operate. In the three-month periods ended March 31, 2015 respectively March 31, 2014, the Company conducted transactions with these companies only in the normal course of business. These transactions are done on the basis of standard contractual relationships.

23. INFORMATION REGARDING THE EMPLOYEES AND 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 periods January – March 2015 and January – March 2014, 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.

	Three months ended March 31, 2015	Three months ended March 31, 2014
	'000 RON	'000 RON
Salaries paid to directors	2,630	2,601

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Salaries payable to directors	469	400

24. ASSOCIATES

Associate	Main activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)	
			March 31, 2015	December 31, 2014
SC Amgaz SA Medias	Gas production	Romania	35	35
SC Depomures SA Tg.Mures	Storage of natural gas	Romania	40	40
Energia Torzym Poland	Gas production	Poland	30	30
Cybinka Poland	Gas production	Poland	30	30
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Investments in associates	12,806	12,806
Impairment	(12,068)	(12,068)
Total	**738**	**738**

24. ASSOCIATES (continued)

Due to the insignificant size of these companies, the Company did not include in these individual financial statements as of March 31, 2015 its share of the results obtained by the associates within the three-month period ended March 31, 2015.

25. OTHER FINANCIAL ASSETS

Other financial investments

Company	Main activity	Percentage held	Value as of March 31, 2015	Impairment as of March 31, 2015	Carrying value as of March 31, 2015
			'000 RON	'000 RON	'000 RON
Electrocentrale Bucuresti S.A.	electricity and thermal power producer	2.49%	64,310	-	64,310
Electrocentrale Titan S.A.	electricity and thermal power producer	0.74%	1,977	-	1,977
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.04%	840	752	88
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding prospection works	10%	60	-	60
GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Panatlantic and Lukoil joint venture (Note 32)	petroleum exploration operations	10%	10,454	-	10,454
Total			**94,741**	**17,852**	**76,889**

The shares held in the share capital of the companies above are not quoted in an active market and their fair value cannot be reliably measured, therefore they are measured at cost. At each period end the Company makes an assessment to determine whether there are any indications of impairment. As of March 31, 2015 the Company did not identify any indication of impairment of other financial investments, other than adjustments already recorded.

25. OTHER FINANCIAL ASSETS (continued)

Other financial investments

Company	Activity	Percentage held	Value as of December 31, 2014	Impairment as of December 31, 2014	Carrying value as of December 31, 2014
			'000 RON	'000 RON	'000 RON
Electrocentrale Bucuresti S.A.	electricity and thermal power producer	2.49%	64,310	-	64,310
Electrocentrale Titan S.A.	electricity and thermal power producer	0.74%	1,977	-	1,977
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.04%	840	752	88
Mi Petrogas Services SA	services related to oil and natural gas extraction, excluding prospection works	10%	60	-	60
GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Panatlantic and Lukoil joint venture (Note 32)	petroleum exploration operations	10%	10,454	-	10,454
Total			**94,741**	**17,852**	**76,889**

26. SEGMENT INFORMATION

a) Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the upstream segment, storage services and others, including headquarter activities and electricity production. The Directors of the Company have chosen to organize the Company around difference in activities performed.

Specifically, the Company is organized in the following segments:

- upstream, which includes exploration activities, natural gas production and trading of gas obtained by Romgaz or acquired for resale; these activities are performed by Medias, Mures and Bratislava branches;

- storage activities, performed by the Ploiesti branch;

- other activities, such as electricity production, technological transport, well operations and corporate activities.

Except for Bratislava branch, all assets and operations are in Romania. In Bratislava branch as of March 31, 2015 are recorded exploration assets in amount of thousand RON 12,627 (December 31, 2014 1thousand RON 12,553).

Gas deliveries between segments are made at actual cost. Deliveries of electricity produced by CET Iernut between segments are made at actual cost. The services (technological transport, well operations) between segments are made at actual costs. Any internally generated profits are eliminated in the individual interim statement of comprehensive income

b) Segment assets and liabilities

March 31, 2015	Upstream	Storage	Other
	'000 RON	'000 RON	'000 RON
Property, plant and equipment	3,963,796	1,596,349	387,114
Other intangible assets	444,348	652	10,508
Associates and other long term financial assets	-	-	77,627
Trade and other receivables	1,070,981	30,295	9,803
Inventories	245,796	42,733	24,361
Other short term financial assets	421	236,382	1,065,914
Other assets	66,621	31,956	46,359
Cash and cash equivalents	206,680	93,355	1,719,391
Total assets	**5,998,643**	**2,031,722**	**3,341,077**
Retirement benefit obligation	-	-	97,265
Deferred tax liabilities	-	-	124,387
Provisions	220,505	18,205	838
Other liabilities	217,818	17,693	250,937
Trade and other payables	119,459	1,546	27,730
Total liabilities	**557,782**	**37,444**	**501,157**

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

26. SEGMENT INFORMATION (continued)

b) Segment assets and liabilities (continued)

December 31, 2014	Upstream	Storage	Other
	'000 RON	'000 RON	'000 RON
Property, plant and equipment	3,977,468	1,603,858	381,393
Other intangible assets	395,279	709	11,461
Associates and other long term financial assets	-	-	77,627
Trade and other receivables	930,283	34,858	35,054
Inventories	294,926	72,427	24,755
Other short term financial assets	334	193,817	722,182
Other assets	24,542	19,963	57,381
Cash and cash equivalents	153,291	68,385	1,732,111
Total assets	**5,776,123**	**1,994,017**	**3,041,964**
Retirement benefit obligation	-	-	97,265
Deferred tax liabilities	-	-	131,305
Provisions	237,389	-	718
Other liabilities	191,210	3,995	221,221
Trade and other payables	188,682	4,333	23,968
Total liabilities	**617,281**	**8,328**	**474,477**

c) Segment revenues, results and other segment information

Three months ended March 31, 2015	Upstream	Storage	Other	Adjustment and eliminations	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	1,197,860	152,305	104,795	(89,483)	1,365,477
Less: revenue between segments	(15,742)	-	(73,741)	89,483	-
Third party revenue	1,182,118	152,305	31,054	-	1,365,477
Interest revenue	697	1,459	11,462	-	13,618
Interest expense	(6)	-	-	-	(6)
Depreciation, amortization and impairment	(146,653)	(21,028)	(8,712)	-	(176,393)
Segment profit before tax	**576,435**	**73,435**	**29,192**	**-**	**679,062**

26. SEGMENT INFORMATION (continued)

c) Segment revenues, results and other segment information (continued)

Three months ended March 31, 2014	Upstream	Storage	Other	Adjustment and eliminations	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	1,266,423	157,402	183,237	(157,762)	1,449,300
Less: revenue between segments	(63,353)	-	(94,409)	157,762	-
Third party revenue	1,203,070	157,402	70,001	-	1,430,473
Interest revenue	896	250	16,468	-	17,614
Interest expense	(2)	-	(3)	-	(5)
Depreciation, amortization and impairment	(101,407)	(22,348)	(20,061)	-	(143,816)
Segment profit before tax	**591,507**	**74,033**	**67,098**	**-**	**732,638**

In the segment "Other" is also included the Electricity Production Branch (CET Iernut). Sales of CET Iernut in the three-month period ended March 31, 2015, including the sales to the rest of Romgaz's segments were in amount of thousand RON 45,700, of which thousand RON 15,963 were deliveries made to other Romgaz segments (three-month period ended March 31, 2014: total sales of thousand RON 106,827, of which deliveries within Romgaz were in amount of thousand RON 18,651).

The profit obtained by CET Iernut in the three-month period ended March 31,2015, including deliveries to other segments of Romgaz, was of thousand RON 1,595 (three-month period ended March 31, 2014: loss thousand RON 3,134).

In the three-month period ended March 31, 2015, the Company's three largest clients each individually represents more than 10% of revenue (in the three-month period ended March 31, 2014 the Company's three largest customers represented individually, over 10% of revenue), together totaling 79% of total revenue (quarter ended 31 March 2014: 62%). Of the total revenue generated by those three customers, 3.6% are shown in the "Storage" segment and 96.4% in the "Upstream" segment (quarter ended March 31, 2014: 5.03% in the "Storage" segment and 94.97% in the "Upstream" segment).

27. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, short term deposits and treasury bonds with maturity under 3 months.

Cash and cash equivalents	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Current bank accounts in RON	89,535	40,062
Current bank accounts in foreign currency	24	24
Petty cash	27	23
Short-term deposits	1,577,667	1,639,706
Treasury bonds with maturity under 3 months	352,169	273,971
Amounts under settlement	4	1
Total	**2,019,426**	**1,953,787**

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

28. OTHER FINANCIAL ASSETS

Other financial assets represent mainly treasury bonds with a maturity of over 3 months.

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Shares in unquoted entities	76,889	76,889
Held-to-maturity investments	1,302,717	916,333
Total	**1,379,606**	**993,222**

29. COMMITMENTS UNDERTAKEN

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Endorsements and collaterals granted	35,090	34,551
Total	**35,090**	**34,551**

On March 24, 2014, the Company entered into a facility agreement with Citibank Europe plc, Dublin - Romanian Branch regarding the granting of bank loans for issuing and/or confirmation of letters of credit and letters of guarantee for a maximum amount of thousand USD 14,000, valid until March 23, 2015. In 2015 a new facility agreement was signed with CitiBank Europe plc, Dublin – Romanian Branch, which extended the validity of the facility up to March 23, 2016. On March 31, 2015 are still available for use thousand USD 7,124 (December 31, 2014: thousand USD 5,436).

30. COMMITMENTS RECEIVED

	March 31, 2015	December 31, 2014
	'000 RON	'000 RON
Endorsements and collaterals received	1,179,249	1,266,819

Endorsements and collateral received represent letters of guarantee and other performance guarantees received from the Company's clients.

31. 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.

31. CONTINGENCIES (continued)

(b) *Ongoing legal procedures for which S.N.G.N. Romgaz S.A. is neither claimant nor defendant*

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 which are suspected to have been granted unauthorized discounts to this client during the period 2005-2010. DIICOT mentioned that this may have resulted in a loss of thousand USD 92,000 for the Company. On that sum, it is an additional burden to the state budget consists of income tax in the amount of thousand USD 15,000 and VAT in amount of thousand USD 19,000. 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 individual financial statements. 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, may submit comments relating to objectives of the expertise (additions/changes), and may appoint an additional expert that can attend the expertise.

Thus, Romgaz proceeded to identify and appoint an expert with accounting and financial expertise that can participate to the expertise. The expert's report was not finalized in the agreed deadline, new experts being appointed. The deadline for the expert's report submission was set for June 1, 2015.

(c) *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 individual financial statements are fairly stated.

During May 13, 2014 – September 30, 2014 the National Agency for Tax Administration (NATA) 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 thousand RON 22,440, representing income tax, VAT, penalties and related interest. Of the total amount, Romgaz paid thousand RON 2,389.

For the remaining amount of thousand RON 20,051, 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 but it didn't receive any answer until the date of the financial statements.

Based on the above and to prevent the forced execution of the tax liabilities subject to the appeal, on October 23, 2014 (in accordance with provisions of Art. 148^1 of Government Ordinance no. 92/2003 regarding the Tax Procedure Code), Romgaz issued a bank letter of guarantee in favor of the Ministry of Public Finance for the amount of the additional liabilities, respectively thousand RON 20,051. The letter is valid for one year, extendable.

Should the appeal be rejected, Romgaz will start a legal case against the Ministry of Public Finance for the annulment of the aforementioned tax decisions.

32. CONTINGENCIES (continued)

(d) *Environmental contingencies*

Environmental regulations are developing in Romania and the Company has not recorded any liability at March 31, 2015 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 thousand RON 225,864 (December 31, 2014: thousand RON 222,243) and a provision for land restauration of thousand RON 12,846 (December 31, 2014: thousand RON 15,146).

Environment protection matters

In accordance with the obligations assumed by Romania in the Position Paper, Chapter 22 – environmental protection and transposition of Directive 2001/80/CE by Government Decision no. 541/2003, an Implementation Plan was developed to reduce emissions of certain pollutants into the air from large combustion plants, including those of the Company, i.e. CTE Iernut.

Future operation of the power blocks owned by the Company is dependent on meeting the deadlines stipulated in the Implementation Plan of Directive 2001/80/CE.

In accordance with Order no. 818/2003 completed and amended by Order nr. 3970/2012, the companies holding combustion installations with a rated thermal input exceeding 50MWt are required to obtain integrated environmental authorization. The Company holds an environmental integrated authorization for CTE Iernut accompanied by an action plan and issued with no. MS1/27.03.2014-27.03.2024. Environmental conditions imposed by the permit relates to: concentrations of emissions of pollutants into the air, emissions in water, monitoring of groundwater, technological monitoring, waste monitoring, post-closing monitoring.

(e) *Licenses for operation in the gas production field*

The Company operates natural gas fields based on the license issued by the National Agency for Mineral Resources (NAMR). Licenses for the extraction of hydrocarbons (natural gas and condensate) expire between 2015 and 2028 and may be extended upon request.

(f) *Insurance policies*

As at March 31, 2015 the Company has concluded insurance policies for property, plant and equipment.

(g) *Green-house gas emission certificates*

In accordance with Government Decision no. 1096/2013 for the approval of the mechanism for free transitional allocation of emission allowances for green-house gas to electricity producers for the period 2013-2020, Annex no. 3 "National Investments Plan" position 22, Romgaz is included with the investment project "Combined cycle with gas turbines", for the period 2014 – 2016.

According to Annex no. 1 from the same decision, S.N.G.N. Romgaz S.A. was allocated for CTE Iernut 687,204 greenhouse gas certificates (EUA) for the year 2015.

In accordance with Government Decision no. 151/4 March 2015 amending and supplementing Government Decision no. 1096/2013 for the approval of the mechanism of transitional free allocation of emission allowances to greenhouse gas electricity producers in the period 2013-2020, including national investment plan, the payment of the greenhouse gas emission certificates allocated free of charge is made in two installments, as follows:

- first installment, between April 5 to December 31 of the year of allocation, with reference to the market price provided in par. (4) a);

- the second installment between October 5 to December 31 of the year of allocation, with reference to the market price provided in par. (4) b).

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (NOT AUDITED)

32. CONTINGENCIES (continued)

(g) Green-house gas emission certificates (continued)

As of March 31, 2015, Romgaz holds into the account of Greenhouse Gas Emissions Unique Registry a number of 509,502 CO_2 certificates, as follows:

- a total of 824,645 certificates related to 2014, used for partial compliance of the 2014 emissions, namely 828,793 CO_2 tons;

- of the 962,085 certificates acquired for 2013, 507,620 certificates were submitted for the emissions related to 2013. Thereby, Romgaz holds in its account 454,465 certificates, of which were used for 2014 Compliance for the difference of 4,148 tons of CO_2. In the account remained 450,317 certificates;

- 7,587 certificates submited to the Registry by Electrocentrale Bucuresti, related to emissions of January, 2013. Romgaz started to monitor the compliance when CET Iernut was taken over in February 2013ş

- According to EU Regulation No. 1123/2013 of November 8, 2013 regarding the establishmen 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 emissions trading system in the atmosphere (EU ETS) can use these credits to offset their obligations on emissions of greenhouse gas.

In this respect, S.N.G.N. Romgaz S.A. holds a linking availability (correlation availability EUA – ERU certificates) a number of 51,598 ERU certificates available to be used for compliance in the period 2013-2020.

According to Decision no 1096/17.12.2013 for the approval of the mechanism of transitional free allocation of greenhouse gas emission certificates to energy producers for the period 2013 – 2020, Romgaz was allocated CO_2 certificates as follows:

Operator	Installation	Annual Allocation (tCO_2/year)							
		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	-

(h) CET Iernut

According to the Romanian Government's view, the energy sector must play a key role in the economic and social development of Romania. Promoting investments, supporting strategic projects of national interest in order to secure the energy security of the country, is one of the Government's objectives related to the energy security.

Considering that there is a steadily growing portfolio with an uncontrolled production of electricity, in particular through wind power plants, it is necessary to commission balancing capacities which will be active in the balancing market, ancillary services market, spot markets, CET Iernut having the ability to be a provider of ancillary services in an area deficient in electricity power generation.

Within the National Power System (NPS), CET Iernut performs the following functions:

- coverage of NPS electricity energy consumption through groups' participation in the wholesale electricity market and balancing market;

- providing ancillary services needed for the functioning of NPS;

- eliminate the network congestion which may occur in the north-west of Transylvania.

32. JOINT ARRANGEMENTS

On December 31, 2014, the Company is part of the following joint arrangements:

a) In January 2002, Romgaz signed a petroleum agreement with Amromco for the execution of rehabilitation operations in order to achieve additional production in 11 perimeters, namely: Bibeşti, Strâmba, Finta, Fierbinţi-Târg, Frasin-Brazi, Zătreni, Boldu, Roşioru, Gura-Şuţii, Balta-Albă and Vlădeni. For the basic production, Romgaz holds a quota of 100% and for the additional production, Romgaz owns a quota of 50% and Amromco Energy SRL - 50%. As the agreement was signed to execute rehabilitation operations in order 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 also other work required and proposed by 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 perimeter.

b) In February 2003, Romgaz signed a joint operation agreement for the execution of petroleum operations of exploration, development and operation in the Brodina perimeter, with Aurelian Petroleum SRL and Raffles Energy SRL. In November 2007, the partners agreed the conventional sharing of Brodina's perimeter in two areas: area of Gas Constructions Bilca (Production Area Bilca) and the area other than the Gas Construction Bilca (Brodina Exploration Area).

   Currently, the participation of Romgaz in the Production Area Bilca is 37.5% and the participation of the operator, Raffles Energy SRL, is 62.5%. The wells have clearances issued by ANRM. Since the fields are in an advanced stage of depletion, the Joint Operating Committee approved for 2015 the drawing of two studies which will evaluate the reserves and behavior of fields Bilca and Vicsani.

   Romgaz's share in the Brodina Exploration Area is 50% and the share of Aurelian Petroleum SRL, operator of the association, is 50%. The concession agreement for this area is in the assessment phase of Voitinel field, which will expire on March 23, 2016. By this time, a well has to be drilled, as required by ANRM.

c) Romgaz has a joint operation agreement for the execution of petroleum operations of exploration, development and operation in the North Bacau area, with Raffles Energy SRL which is also the operator of the joint operation. Romgaz holds a percentage of 40% from the joint operation and Raffles Energy SRL - 60%. Currently, the concession agreement is under the assessment of Parava field in the southern perimeter where the operator of the joint operation is Romgaz, phase which will expire on 30 June 2015. By this time, in the north will be put in function the generator for the well Lilieci 1, in order to convert natural gas into electricity, remaining to monitor the behavior of the field for a period of 1 year, after the put in production of the well.

d) In September 2003, Romgaz has concluded an operation agreement with Schlumberger for the rehabilitation of the Laslău Mare field, in order to obtain additional production by using advanced techniques and technologies for the exploitation of the reserves and of the know-how owned by Schlumberger. The mandatory work program is in line with the study approved by ANRM. Therefore, the annual working program, which includes also the workings from the study, is approved annually, before the start of each year, by the Operation Committee of the joint operation. The participation quota of Romgaz is 50 % and of Schlumberger is also 50 %. Romgaz is the operator of the petroleum operations performed under the agreement

e) In June 2008, Romgaz signed a joint operation agreement for operations of oil or natural gas exploration, evaluation, development, exploitation in three perimeters in Slovakia, namely: Svidnik, Snina and Medzilaborce. The owners of the exploration licenses are Aurelian Oil & Gas Slovakia, currently Alpine Oil & Gas (50% - operator association), JKX (25%) and Romgaz through Bratislava branch (25%).

32. JOINT ARRANGEMENTS (continued)

f) In January 2009, Romgaz signed the amendment to partnership agreements through which holds a quota in the share capital of Energia Torzym spolka organiczona odpowiedzialnoscia spolka komanditowa (Energia Torzym) and of Energia Cybinka spolka organiczona odpowiedzialnoscia spolka komanditowa (Energia Cybinka), the two companies holding exploration licenses for Cybinka and Torzym perimeters in Poland. The object of the agreement is to conduct petroleum operations of exploration, development and operation in the two perimeters stated above. Participation shares are: Romgaz - 30%, Aurelian Oil & Gas Poland Sp. Zo.o - 45% and GB Petroleum Plc (now SceptreOil&Gas Limited LTD) - 25%.

g) In July 2012, Romgaz signed the amendments to the joint operations agreements with Lukoil Overseas Atash BV and Panatlantic (originally called Vanco International Ltd), the three companies being holders of the petroleum agreements. The object of the agreement is to conduct petroleum operations of exploration, development and operation of offshore eastern perimeters EX-29 Est Rapsodia and EX-30 Trident of the Black Sea continental shelf. The participation quotas are: Lukoil 72%, Panatlantic 18% and Romgaz 10%. For the perimeter Rapsodia, the mandatory Phase I of three years (November 4, 2011 - November 4, 2014) was extended with an additional six months, until May 4, 2015. For the Trident perimeter, the optional Phase II was started, having a length of 2 years (November 4, 2014 – November 4, 2016).

33. EVENTS AFTER THE BALANCE SHEET DATE

On April 28, 2015, shareholders of the Company decided to distribute dividends in the amount of thousand RON 1,214,081, representing a gross dividend per share of RON 3.15.

34. APPROVAL OF INDIVIDUAL INTERIM FINANCIAL STATEMENTS

These individual interim financial statements were authorized for issue by the Board of Directors on May 11, 2015.

Virgil Metea General Manager	**Lucia Ionascu** Economic Director

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