

SOCIETATEA NATIONALA DE GAZE NATURALE "ROMGAZ" SA

THIRD QUARTER REPORT

ON THE ECONOMIC-FINANCIAL ACTIVITY OF
SNGN "ROMGAZ" SA AS OF SEPTEMBER 30, 2015
(January 01, 2015 – September 30, 2015)



IDENTIFICATION DETAILS ON REPORT AND ISSUER

Report based on	Article 227 of Law no. 297/2004 on capital market and Annex no. 30 of CNVM Regulation no. 1/2006 for the nine-month period ended as of September 30, 2015
Report Date	November 13, 2015
Name of the Company	Societatea Națională de Gaze Naturale "ROMGAZ" SA
Headquarter	Mediaș, 4 Piața Constantin I. Moțaș, code 551130, County Sibiu
Telephone/fax number	0040 269 201020/0040 269 846901
Web/E-mail	www.romgaz.ro/ secretariat@romgaz.ro
Fiscal Code	14056826
Trade Registry No	J32/392/2001
Subscribed and paid in share capital	RON 385,422,400
Number of shares	385,422,400, each having a nominal value of RON 1
Regulated markets where the issued securities are traded:	Bucharest Stock Exchange BVB (shares), London Stock Exchange (GDRs)

COMPANY PERFORMANCES

The operating income is in accordance with the figures budgeted in the approved income and expenditures budget.

Natural gas production has been in Q3 2015 almost equal to the one recorded in Q3 2014 (1,357.8 vs. 1,362.3 million m³) and natural gas production for the first 9 months of 2015 was only 2.21% lower than the production during the similar period of 2014 (4,134.5 vs 4,227.9 million m³).

Gas quantities that haven't been sold were stored in UGSs.

The achievement of a net profit margin of 33.3%, EBIT margin of 39.5% and EBITDA margin of 57.6% confirms the high profitability of the company.

Operating expenses are higher as compared to the planned ones due to the allowance for doubtful customers of RON 187.9 million and to the partial impairment of non-current assets for exploration works in the Black Sea of RON 133 million that led to a *net profit* of RON 975.3 million.

As compared to the same period of the previous year, the company's performances were mainly influenced by the decrease of natural gas demand on the Romanian market by 2.66%.

Romgaz sold lower natural gas quantities as compared to the same period of last year because of:

- ☞ Consumption of customers that use gas for electric power production was limited for those consumers with reduced payment capacities;
- ☞ Delayed issue of the regulations on the minimum gas stock for the 2015-2016 winter and the lack of will of the main natural gas sector players to comply with regulations due to the uncertainties on carrying out the price liberalization process on the regulated market.

Relevant Financial Results

RON million

Q3 2014	Q2 2015	Q3 2015	Δ Q3 (%)	Main Indicators	9 months 2014	9 months 2015	Δ 9 months (%)
760.4	869.6	698.0	-8.2%	Revenue	3,286.8	2,933.1	-10.8%
913.2	941.6	902.3	-1.2%	Income	3,473.5	3,143.5	-9.5%
595.5	668.6	659.6	10.8%	Expenses	2,066.2	1,948.7	-5.7%
317.7	273.0	242.6	-23.6%	Gross Profit	1,407.2	1,194.8	-15.1%
74.7	69.5	33.9	-54.6%	Profit Tax	293.2	219.4	-25.2%
243.0	203.5	208.7	-14.1%	Net Profit	1,114.0	975.3	-12.4%
353.0	577.8	246.7	-30.1%	Cash flow from operational activities	1,998.2	1,473.7	-26.2%
301.2	261.4	233.2	-22.6%	EBIT	1,349.2	1,160.0	-14.0%
503.3	381.8	465.2	-7.6%	EBITDA	1,917.7	1,688.9	-11.9%
0.63	0.53	0.54	-14.1%	EPS (RON)	2.89	2.53	-12.4%
32.0%	23.4%	29.9%	-6.4%	Net Profit Rate (% from Revenue)	33.9%	33.3%	-1.9%
39.6%	30.1%	33.4%	-15.7%	EBIT Ratio (% from Revenue)	41.0%	39.5%	-3.7%
66.2%	43.9%	66.6%	0.7%	EBITDA Ratio (% from Revenue)	58.3%	57.6%	-1.3%
6,361	6,332	6,351	-0.2%	Number of employees at the end of the period	6,361	6,351	-0.2%

The figures above are rounded and therefore there may be slight differences after reconciliation.

Note: income and expenses do not include in-house works capitalized as non-current assets.

As compared to the same period of 2014 the lower revenue is related mainly to the reduced national gas demand and specifically due to the limited consumption imposed on customers having reduced payment capacities that use gas for electric power production, the delayed issue of regulations on minimum gas stock in storages.

Due to the above mentioned causes, the net profit, EBIT and EBITDA are lower as compared to the same period of 2014 when the Company recorded the best results ever. Despite all, the ratios of these financial indicators against the revenue do not record significant deviations and are highly favorable: 33.3%, 39.5% and 57.6% (as compared to 33.9%, 41.0% and, respectively, 58.3% at 9 months 2014), confirming the high profitability of the company.

Net profit per share of RON 2.53 recorded in the first nine months of 2015 shall be positively influenced by the allocation from the reserves made in previous years in compliance with GD no. 168/1998.

The reserves allocation, with a positive impact on the net profit to be allocated, has been in 2013 in amount of RON 157.5 million, in 2014 RON 241.90 million. Until the date of the financial statements as of September 30, 2015 the amount to be allocated from the reserves is of RON 127 million.

Operational Results

Q3 2014	Q2 2015	Q3 2015	Δ Q3 (%)	Main Indicators	9 months 2014	9 months 2015	Δ 9 M (%)
1,362.3	1,340.6	1,357.8	-0.33	Gas Produced (million m ³)	4,227.9	4,134.5	-2.21
947.4	1,183.7	842.6	-11.06	Gas delivered from domestic production (million m ^{3*})	4,152.9	3,719.7	-10.43
3.0	0.0	0.0		Delivered import gas (million m ³)	72.9	2.2	-96.98
950.4	1,183.7	842.6	-11.34	Total gas delivered (million m ³)	4,225.8	3,721.9	-11.92
98.2	97.3	98.8	0.61	Petroleum Royalty (million m ³)	310.0	300.5	-3.06
1,005.0	3,600.0	2,679.0	166.57	Condensate Production (tonnes)	3,164.0	8,191.0	158.88
395.1	264.5	691.9	75.12	Electricity delivered (GWh)	1,215.6	1,102.1	-9.34
0.0	38.9	0.0		UGS gas withdrawn services (million m ³)	1,169.4	1,190.1	1.77
1,005.6	438.9	819.0	-18.56	UGS gas injection services (million m ³)	1,615.2	1,550.1	-4.03

*) – includes gas from current production, own gas withdrawn from UGS and acquired domestic gas and also includes gas delivered to Iernut and Cojocna.

Gas production was in the parameters expected when preparing the program for 2015, the achieved level representing 99.5% of the planned one (4,153.9 million m³ planned vs. 4,134.5 million m³ achieved).

The evolution of gas production in this quarter reflects the seasonality of the demand, increased by the warm weather conditions during May-June and by the heat recorded in July-August. As a consequence, during the first nine months of 2015 Romgaz recorded a production 93.4 million m³ (2.2%) lower than the production of the same period of last year.

The major demand decrease in the chemical fertilizer sector, the limited consumption imposed on consumers with reduced payment capacity using gas for electric power production, the delayed issue of regulations on minimum gas stock for the 2015-2016 winter, the lack of will of the main natural gas sector players to comply with regulations due to the uncertainties on carrying out the price liberalization process on the regulated market are the causes that have led to lower sales.

By entering into production of Frasin – Gura Humorului and Caragele discoveries, the *production of condensate* recorded a major growth (159%) during the reviewed period, with a quantity of approximately 8,191 tonnes.

Electricity delivered by CET Iernut in the first nine months of 2015 has been by 22% higher (y/y) considering the decreased hydro potential. From the total electricity issued, 42% was delivered to the balancing market that lead to the consolidation of Romgaz position as electricity producer on the balancing market. The sale prices of electricity have exceeded the average prices on all markets.

ROMGAZ AT A GLANCE

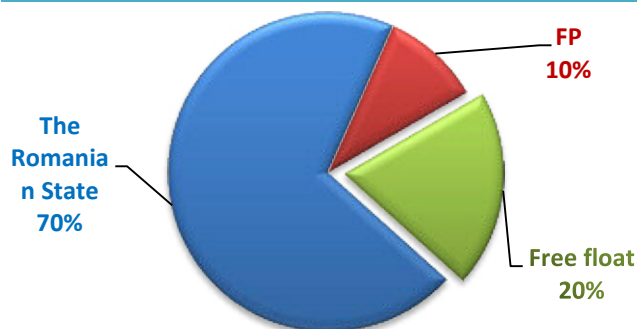
The company undertakes business in the following segments:

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

Shareholder Structure

As of September 30, 2015, the shareholder structure is as follows:

	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	66,026,995	17.1311
*natural persons	11,029,365	2.8616
Total	385,422,400	100.0000



Company Organization

The structural organization of Romgaz is specific for organizations of a hierarchy-functional type, with six hierarchical levels from the company's shareholders to the execution personnel.

Currently, the Company has seven branches established on the basis both of activities performed and territoriality (natural gas production branches), as follows:

- Medias Production Branch
- Târgu Mureş Production Branch
- Ploiesti Underground Storage Branch
- SIRCOSS – Branch for Well Workover, Recompletions and Special Well Operations
- STTM – Technological Transport and Maintenance Branch
- SPEE – Iernut Power Generation Branch
- Bratislava Branch.

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

Company Management

The company is governed by a **Board of Directors** composed of 7 members, having on September 30, 2015 the following structure:

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

Human Resources

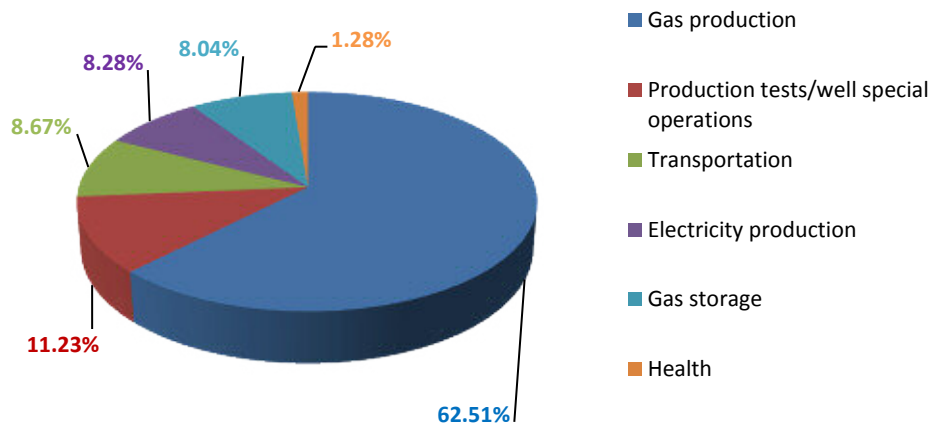
On September 30, 2015 the company had a number of 6,351 employees.

The table below shows the evolution of the employees' number between January 1, 2012 – September 30, 2015:

Specifications	2012	2013	2014	9 months 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	126
Employees who terminated their labour relationship with the company	153	130	220	119
Employees at the end of the period	5,921	6,472	6,344	6,351

^{*)} the increase is due to the takeover of CTE Iernut employees

The structure of the employees by activities at the end of the reporting period is shown in the table below:



PHYSICAL INDICATORS

The table below shows the gas quantities produced, delivered, injected/withdrawn in/from the underground storage during January – September 2015 compared to the similar period of 2013 and 2014 (million m³):

Item no.	Specifications	9 months 2013	9 months 2014	9 months 2015	Ratios
0	1	2	3	4	5=4/3x100
1.	Gross production – total , out of which:	4,198.0	4,227.9	4,134.5	97.8%
1.1.	*own gas	4,061.9	4,084.9	3,982.2	97.5%
1.2.	*Schlumberger (100%)	136.1	143.0	152.3	106.5%
2.	Technological consumption	58.2	59.8	57.8	96.7%
3.	Net own gas production (1.-1.2.-2.)	4,003.7	4,025.1	3,924.4	97.5%
4.	Own gas stored in UGS	700.4	464.2	622.0	134.0%
5.	Own gas withdrawn from UGS	262.4	450.5	293.3	65.1%
6.	Difference from conversion to Gross Calorific Value	11.8	8.0	13.8	172.5%
7.	Delivered own gas (3.-4.+5.-6.)	3,553.8	4,003.4	3,581.9	89.5%
8.	Gas delivered to CTE Iernut and Cojocna	130.6	304.0	359.4	118.2%
9.	Own gas delivered to the market (7.-8.)	3,423.3	3,699.4	3,222.5	87.1%
10.	Gas from joint ventures^{*)} – total , out of which:	139.5	136.0	125.2	92.1%
	*Schlumberger (50%)	68.1	71.5	76.1	106.5%
	*Raffles Energy (37.5%)	3.2	0.7	0.3	41.0%
	*Amromco (50%)	68.2	63.8	48.8	76.4%
11.	Gas acquisition from domestic production	8.6	13.5	12.6	93.3%
12.	Traded domestic gas (9.+10.+11.)	3,571.3	3,848.9	3,360.3	87.3%
13.	Gas delivered from domestic production (8.+12.)	3,701.9	4,152.9	3,719.7	89.6%
14.	Delivered import gas	237.9	72.9	2.2	3.0%
15.	Total delivered gas (13.+14.)	3,939.8	4,225.8	3,721.9	88.1%
*	UGS gas extraction services invoiced	1,291.1	1,169.4	1,190.1	101.8%
*	UGS gas injection services invoiced	1,881.7	1,615.2	1,550.1	96.0%

*) With respect to Romgaz – Schlumberger partnership, the gas produced is fully highlighted in Romgaz production and sold by Romgaz, and then split in equal parts between the two partners. With respect to the partnerships with Amromco and Raffles Energy, the gas produced does not represent Romgaz production but the value of the gas is reflected in Romgaz revenue in accordance with the interest share held in the partnership.

INVESTMENTS

For the first nine months of 2015, Romgaz planned investments worth *RON 988.6 million* and achieved *RON 652.5 million*, 34%, namely *RON 336 million*, lower than planned. Investments were financed exclusively from own sources.

Compared to the same period of 2014, the investments achieved in 2015 are by 13.1% lower, namely *RON 98.3 million*.

It is worth mentioning that investments in geological exploration works for the discovery of new reserves have increased significantly, being by 61.5% (*RON 149.3 million*) higher than during the same period of 2014.

The value of fixed assets put into operation during the reviewed period is *RON 420.7 million*.

A comparison by the main chapters is shown in the table below:

RON thousand

Investment Chapter	Achieved 9 months 2014	Planned 9 months 2015	Achieved 9 months 2015	2015/ 2014	A 2015/ P 2015
I	2	3	4	5=4/2x100	6=4/3x100
I. Geological exploration works to discover new methane gas reserves	242,825	460,553	392,117	161.5%	85.1%
II. Exploitation drilling works, putting into production of wells, infrastructure and utilities	126,923	93,999	39,647	31.2%	42.2%
III. Maintaining the UGS capacity	153,375	86,630	19,184	12.5%	22.1%
IV. Environment protection works	2,889	11,063	4,579	158.5%	41.4%
V. Retrofitting and revamping of installation and equipment	175,743	242,646	158,004	89.9%	65.1%
VI. Independent equipment and installations	36,155	67,489	31,478	87.1%	46.6%
VII. Expenses related to studies and projects	12,848	26,184	7,512	58.5%	28.7%
TOTAL	750,758	988,564	652,521	86.9%	66.0%

The investments for the first nine months were negatively influenced by the extension of terms related to the award of exploration drilling contracts, the impossibility of obtaining the land for installing surface facilities, the significant reduction of costs related to self-provided works and the conclusion of delivery contracts with the term in Q4.

FINANCIAL-ACCOUNTING INFORMATION

Statement of Interim Financial Position

The table below presents a summary of the statement of the individual financial position as of September 30, 2015 as compared to December 31, 2014:

INDICATOR	December 31, 2014 (RON thousand)	September 30, 2015 (RON thousand)	Variation (%)
1	2	3	$\frac{4-(3-2)}{2} \times 100$
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	5,962,719	6,030,668	1.14%
Other intangible assets	407,449	488,166	19.81%
Investments in subsidiaries	-	1,200	100.00%
Associates	738	194	-73.71%
Other financial assets	76,889	70,195	-8.71%
TOTAL NON-CURRENT ASSETS	6,447,795	6,590,423	2.21%
<i>Current assets</i>			
Inventories	392,108	559,360	42.65%
Trade and other receivables	1,000,195	621,209	-37.89%
Other financial assets	916,333	853,520	-6.85%
Other assets	101,886	150,969	48.17%
Cash and cash equivalents	1,953,787	1,613,744	-17.40%
TOTAL CURRENT ASSETS	4,364,309	3,798,802	-12.96%
TOTAL ASSETS	10,812,104	10,389,225	-3.91%
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	385,422	385,422	0.00%
Reserves	2,142,347	2,571,188	20.02%
Retained earnings	7,184,249	6,516,658	-9.29%
TOTAL EQUITY	9,712,018	9,473,268	-2.46%
<i>Non-current liabilities</i>			
Retirement benefit obligation	97,265	97,265	0.00%
Deferred tax liabilities	131,305	97,191	-25.98%
Provisions	202,293	198,877	-1.69%
Total non-current liabilities	430,863	393,333	-8.71%
<i>Current liabilities</i>			
Trade and other payables	216,983	188,749	-13.01%
Current tax liabilities	93,590	60,314	-35.56%
Provisions	35,814	44,592	24.51%
Other liabilities	322,836	228,969	-29.08%
Total current liabilities	669,223	522,624	-21.91%
TOTAL LIABILITIES	1,100,086	915,957	-16.74%
TOTAL EQUITY AND LIABILITIES	10,812,104	10,389,225	-3.91%

NON-CURRENT ASSETS

The total non-current assets increased by 2.21%, i.e. RON 142.63 million, from RON 6,447.79 million as of December 31, 2014 to RON 6,590.42 million. The increase is due to the purchase of tangible and intangible assets, especially for gas exploration and production activities, under the conditions of impairment of projects in progress, impairment of some tangible assets and depreciation of such.

CURRENTS ASSETS

Current assets decreased by RON 565.51 million (12.96%) as of September 30, 2015, due to the decrease of cash and cash equivalents, state securities and trade receivables.

Inventories

The increase by 42.65% (RON 167.25 million) is a result of the increase of the gas inventory due to gas injection into the underground storages during the second and third quarters of 2015, and the increase of the tubing inventory, which is necessary for drilling gas production wells.

Trade and Other Receivables

Trade receivables decreased by 37.89% as compared to December 31, 2014 as a result of reduction in value and volume of gas delivered in the second and third quarters of 2015, and an increase of allowances for doubtful debts by RON 187.88 million.

Cash and Cash Equivalents. Other Financial Assets

As of the end of Q3 2015, cash, cash equivalents and other financial assets amounted to RON 2,467.26 million, as compared to RON 2,870.12 million at the end of 2014. The decrease is due to the fact that at the end of July 2015 the dividends related to 2014 were paid (RON 1,214.08 million).

Other Assets

Prepayments at the end of Q3 2015 are higher by RON 54.93 million than at the end of 2014 and represent the tax on special constructions, which is to affect the costs, staggered over the next period of 2015, as well as the costs with the services of gas transportation to the UGSs, which are going to be invoiced to the customers as stored gas is delivered.

EQUITY

Reserves increased by RON 428.84 million due to the appropriation to the development fund of a part of the 2014 net profit (RON 407.03 million) and a part of the current period's profit (RON 21.81 million) as a result of applying the tax facility, pursuant to the Government Decision 421/2014 on amending and supplementing the Detailed Implementation Rules of Law 571/ 2003 on the Fiscal Code.

Retained earnings dropped by RON 667.59 million, being adversely affected by the appropriation of the previous years' net profit to destinations approved by GMS, while a positive effect is generated by the net profit obtained in the nine-month period ended September 30, 2015.

NON-CURRENT LIABILITIES

The decrease of non-current liabilities is a result of the reduction of deferred tax liabilities by RON 34.11 million and a decrease of the provision for the decommissioning of tangible non-current assets by RON 3.42 million.

CURRENT LIABILITIES

Current liabilities decreased by RON 146.60 million from RON 669.22 million as of December 31, 2014 to RON 522.62 million as recorded in September 30, 2015.

Trade and Other Payables

The decrease by 13.01% is a result of the reduction of liabilities towards internal suppliers and suppliers of non-current assets, while beneficiaries of gas delivered by the company performed higher advance payments than those made at the end of 2014.

Other Liabilities

The decrease by 29.08% is a result of a the decrease of liabilities towards the state budget (VAT payable, windfall profit tax due to the deregulation of prices on the gas market, excise duty for natural gas and tax on salaries). Such tax liabilities are lower as of September 30, 2015 as compared to December 31, 2014 due to the diminished value of gas delivered and invoiced to customers, and the decrease of liability towards employees.

Current Tax Liabilities

Current tax liabilities decreased due to gross profit decline and implicitly a reduced tax base.

Provisions

Provisions recorded an increase by 24.51% as compared to the year ended December 31, 2014, being influenced by the provision created for decommissioning of fixed assets.

Statement of Interim Comprehensive Income

The synthesis of the profit and loss account of the company for the period January 1 - September 30, 2015 as compared to the similar period of 2014 is shown below:

Description	January – September 2014 (RON thousand)	January - September 2015 (RON thousand)	Variance (RON thousand)	Variance (%)
1	2	3	4=3-2	5=4/2x100
Revenue	3,286,770	2,933,107	(353,663)	-11%
Cost of commodities sold	(154,940)	(33,208)	(121,732)	-79%
Investment income	58,029	34,767	(23,262)	-40%
Other gains and losses	(195,600)	(213,534)	17,934	9%
Change in inventory	30,202	129,917	99,715	330%
Raw materials and consumables used	(38,398)	(58,934)	20,536	53%
Depreciation, amortization and impairment	(568,506)	(528,898)	(39,608)	-7%
Employee benefit expense	(323,624)	(358,748)	35,124	11%
Finance cost	(11,589)	(13,602)	2,013	17%
Exploration expenses	(21,140)	-	(21,140)	-100%
Other expenses	(751,371)	(740,426)	(10,945)	-1%
Other income	97,409	44,336	(53,073)	-54%
Profit before tax	1,407,242	1,194,777	(212,465)	-15%
Income tax expense	(293,249)	(219,446)	(73,803)	-25%
Net Profit	1,113,993	975,331	(138,662)	-12%

Revenue

The Company's revenue in the first nine months of 2015 amounts to RON 2.93 billion, as compared to RON 3.29 billion achieved in the similar period of 2014, thus a decrease by 11%.

The revenue from sales of internal gas production was lower by RON 187.97 million in the reviewed period than in Q3 2014. A positive influence was given by the higher average delivery price, offset by a reduction in delivered quantities as a result of a lower gas demand.

The Revenue from Storage Activity was influenced by the gas volumes injected into the UGSs and the sensitive modifications to the storage tariffs approved by ANRE.

Import Gas Volumes Delivered as Commodity dropped by RON 100.92 million in Q3 2015 as compared to the similar period of the previous year. The reduction in import gas volumes delivered as commodity was the result of a decreasing gas demand on the gas market as well as the provisions of *ANRE Order No. 24/2013 approving the Allocation Methodology of domestic gas production quantities to cover the regulated market consumption*, pursuant to which gas producers are no longer bound to deliver a mix of domestic and import gas.

Revenue from Sales of Internal Gas Production

Revenue from sales of internal gas production and valorisation of own gas has been analysed in detailed by influential factors using the chain substitution method. The results are shown in the table below:

Revenue from sales of internal gas production (joint ventures not included)	9 months 2014 ($q_0 \times p_0$)	9 months 2015 ($q_1 \times p_1$)	Indexes (2015/2014)
1	2	3	4=3/2x100
Volume (million m^3)	3,699.4	3,222.5	87.11%
Price (RON/thousand m^3)	670.4	711.2	106.10%
Value (RON thousand)	2,479,960	2,291,995	92.42%
Difference (2015 - 2014) (RON thousand)	(187,965)		
Volume influence ($q_1 \times p_0 - q_0 \times p_0$) (RON thousand)	(319,681)		
Price influence ($q_1 \times p_1 - q_1 \times p_0$) (RON thousand)	131,716		

Note: gas volumes in columns 2 and 3 are correlated with the volumes shown in table "Physical Indicators" row 9, columns 3 and 4.

The revenue from sales of internal gas production obtained in the period January -September 2015 was lower by RON 187.97 million than in the similar period of 2014.

Influences by factors are as follows:

- sold production volumes lower by 12.89%, resulting in lower revenue from gas deliveries to the customers as compared to the similar period of 2014 by RON 319.68 million. Delivered gas volumes do not include gas volumes delivered internally for electric power production;
- sales of gas with an average price higher by 6.10% than the one related to the similar period of the previous year, resulting in a positive influence over revenue by RON 131.72 million.

Revenue from sales of internal gas production from joint ventures

The revenue related to joint ventures achieved in the period January - September 2015 is shown in the table below as compared to the revenue achieved in the similar period of the previous year:

9 months 2014			9 months 2015			Differences	
Volume ($10^6 m^3$)	Price (RON/ $10^3 m^3$)	Value (10^3 RON)	Volume ($10^6 m^3$)	Price (RON/ $10^3 m^3$)	Value (10^3 RON)	$10^6 m^3$	10^3 RON
135.86	766.62	104,153	125.34	774.43	97,068	(10.52)	(7,085)

Revenue from joint ventures was lower than the revenue achieved in the similar period of the previous year, considering that delivered gas volumes were lower by cca.7.74%, while the average delivery price was slightly higher (+1.02%).

Revenue from Gas Import Activity

Revenue from sale of import gas	9 months 2014 ($q_0 \times p_0$)	9 months 2015 ($q_1 \times p_1$)	Indexes (2015/2014)
1	2	3	4=3/2x100
Volume (million m ³)	72.9	2.2	2.97%
Price (RON/thousand m ³)	1,428.5	1,478.0	103.47%
Value (RON thousand)	104,116	3,195	3.07%
Difference (2015 – 2014) (RON thousand)	(100,920)		
Volume influence ($q_1 \times p_0 - q_0 \times p_0$) (RON thousand)	(101,027)		
Price influence ($q_1 \times p_1 - q_1 \times p_0$) (RON thousand)	107		

Revenue from sales of import gas was lower than the previous year's result by RON 100,920 thousand. Such decrease is due to the variation of volumes and prices as follows:

- ↳ sales of gas volumes from import lower by 97.03% resulted in a reduction of revenue by RON 101.03 million. Lower delivered gas volumes are a result of a lower demand on the gas market;
- ↳ sales of gas from import with an average sale price (RON/thousand m³) higher by 3.47%, having a positive influence on the revenue by RON 0.11 million.

Revenue from Storage Activity

Within the storage activity, invoiced revenues comprise the following:

Revenue from Storage Activity	9 months 2014	9 months 2015	Indexes (2015/2014)
1	2	3	4=3/2x100
Capacity reservation services	240,263	193,544	80.55%
Gas injection services	44,459	31,087	69.92%
Gas withdrawal services	22,304	22,751	102.01%
Other revenues from storage	227	97	42.48%
TOTAL	307,253	247,478	80.55%

RON thousand

Cost of Commodities Sold

For the nine-month period ended September 30, 2015, the cost of commodities sold decreased by 79% from RON 154.94 million in Q3 2014 to RON 33.21 million in the similar period of 2015, mainly as a result of reduction in sales of gas purchased from import and reduction in purchase of electric power for resale to Romgaz customers.

Investment Income

For the reporting period, the investment income decreased by 40% (RON 23.26 million), as a result of reduction in interest rates of cash placed in bank deposits, as well as a decrease of interest received for state bonds held by the company.

Other Gains and Losses

In Q3 2015, the company recorded a loss of RON 213.53 million, mainly as a result of recording allowances for doubtful debts as regards ELCEN București (RON 136 million) and Electrocentrale Galați (RON 49 million).

Changes in Inventory of Finished Goods and Work in Progress

In Q3 2015 and 2014, gas volumes owned by Romgaz injected into UGSs were higher than those withdrawn, therefore generating a positive change in inventory (income).

The difference between gas injected into and withdrawn from UGSs was higher in Q3 2015 than that recorded in the similar period of the previous year, resulting in higher income by RON 99.72 million.

Raw Materials and Consumables Used

The value of materials used was higher than in the nine-month period ended September 30, 2014 due to the high volume of current works at wells and compressor stations.

Depreciation, amortization and impairment

In the nine-month period ended September 30, 2015, depreciation, amortization and impairment expenses decreased by 7 % from RON 568.51 million as of September 30, 2014 to RON 528.90 million as of September 30, 2015. Such decrease is due to the fact that on September 30, 2015 there were recorded impairments of projects currently under abandonment and impairment of tangible and intangible assets related to the activity of natural gas exploration and production, in amount of RON 100.53 million as compared to RON 193.68 million recorded in the first three quarters of 2014.

Depreciation of tangible assets increased, as new fixed assets were put in operation.

Employee Benefit Expense

For the reporting period, payroll cost, related taxes and social security contributions increased by 11% as compared to the same period of 2014, as a consequence of modifications to the salary system pursuant to the provisions of the Collective Labour Agreement.

Exploration Expense

For the period ended September 30, 2015, no exploration projects were abandoned as compared to the similar period in 2014.

Other Expenses

The table below presents a breakdown of other expenses by elements of cost in comparison with the similar period of the previous year:

Description	January -	January -	Difference	Variation
	September 2014	September 2015		
	(RON thousand)	(RON thousand)	(RON thousand)	(%)
1	2	3	4=3-2	5=4/2x100
Electricity	14,813	12,035	(2,778)	-18.75%
Protocol and advertising	157	164	7	4.46%
Taxes and duties	580,430	573,640	(6,790)	-1.17%
Bank commissions and similar charges	606	482	(124)	-20.46%
Insurance expenses	1,804	808	(996)	-55.21%
Compensations, fines and penalties	204	23	(181)	-88.73%
Provisions	(20,931)	(5,767)	(15,164)	-72.45%
Capacity reservation and transmission services expenses	28,903	32,455	3,552	12.29%
Other operating expenses	145,385	126,586	(18,799)	-12.93%
Total	751,371	740,426	(10,945)	-1.46%

Other Expenses decreased by 1.46% from RON 751.37 million as of September 30, 2014 to RON 740.43 million as of September 30, 2015. Such decrease is mainly due to *Taxes and Duties*, namely:

- increase of tax on additional revenue (windfall tax) obtained as a result of gas price deregulation;
- decrease of tax on special construction as a result of a lower percentage applied against the cost of such fixed assets. The percentage decreased from 1.5% to 1%.

Electricity expenses decreased because SPEE Iernut produced the power required for supporting the company's production and UGS activity. The profit and loss account reflects only the electric power supplied by third parties, its value being lower during the reviewed period.

Provisions

In the first nine months of 2015, an amount of RON 4.25 million was reversed, representing a part of the provision made for restoring land to the agricultural circuit.

During the similar period of 2014, the amount of RON 10 million was reversed, representing the provision set up on December 31, 2013 for CO₂ certificates. The amount of RON 11 million was also reversed, representing a part of the provision made for decommissioning of fixed assets. Simultaneously, a RON 2 million provision for environmental authorizations was set up.

Capacity Reservation and Transmission Services

Such expense increased during Q3 2015 as compared to Q3 2014 due to greater volumes of natural gas used for power generation.

Other Operating Expenses

These expenses decreased due to reduction in value of services performed by third parties, and lower expenses with CO₂ certificates.

Other Revenue

For the nine-month period ended September 30, 2015, other revenue decreased by 54%, meaning RON 53.07 million and relates to decreasing revenue generated by penalties.

Income Tax Expense

On September 30, 2015, the company's expense in terms of income tax was RON 219.45 million as compared to RON 293.25 million for the first nine months ending on September 30, 2015 which is mainly due to lower current income tax expense; deferred income tax was RON 34.11 million as compared to RON 8.5 million recorded for the same period during the previous year.

Profit for the Period

During the first nine months of 2015, the company's net profit decreased by RON 138.66 million (-12%), from RON 1,113.99 million to RON 975.33 million, due to the cumulated effects of the above-mentioned factors.

The comparative interim comprehensive income on segments for January-September, 2015 and January-September, 2014 respectively, is shown below:

RON thousand

Description	Gas production and sales	Storage	Other activities	Adjustments and eliminations	TOTAL
<i>Revenue</i>					
* January-September 2014	2,819,048	307,253	555,943	(395,474)	3,286,770
* January-September 2015	2,548,165	247,478	497,461	(359,997)	2,933,107
<i>Cost of commodities sold</i>					
* January-September 2014	(106,857)	(54)	(48,029)	-	(154,940)
* January-September 2015	(12,413)	(25)	(20,770)	-	(33,208)
<i>Investment income</i>					
* January-September 2014	3,699	3,400	50,930	-	58,029
* January-September 2015	1,490	4,291	28,986	-	34,767
<i>Other gains or losses</i>					
* January-September 2014	(193,475)	(278)	(1,847)	-	(195,600)
* January-September 2015	(203,042)	(319)	(10,173)	-	(213,534)
<i>Changes in inventories</i>					
* January-September 2014	31,462	(2,288)	1,028	-	30,202
* January-September 2015	111,562	15,561	2,794	-	129,917
<i>Raw materials and consumables</i>					
* January-September 2014	(3,300)	(5,887)	(31,705)	2,494	(38,398)
* January-September 2015	(39,971)	(10,296)	(12,441)	3,774	(58,934)
<i>Depreciation, amortization and impairment</i>					
* January-September 2014	(450,401)	(64,588)	(53,517)	-	(568,506)
* January-September 2015	(435,743)	(67,589)	(25,566)	-	(528,898)
<i>Employee benefit expense</i>					
* January-September 2014	(148,231)	(28,991)	(146,405)	3	(323,624)
* January-September 2015	(227,063)	(34,031)	(97,654)	-	(358,748)
<i>Finance cost</i>					
* January-September 2014	(11,589)	-	-	-	(11,589)
* January-September 2015	(12,508)	(1,094)	-	-	(13,602)
<i>Exploration expense</i>					
* January-September 2014	(21,140)	-	-	-	(21,140)
* January-September 2015	-	-	-	-	-
<i>Other expense</i>					
* January-September 2014	(819,413)	(94,694)	(231,286)	394,022	(751,371)
* January-September 2015	(790,108)	(73,154)	(234,779)	357,615	(740,426)
<i>Other income</i>					
* January-September 2014	92,413	277	5,764	(1,045)	97,409
* January-September 2015	44,128	267	1,333	(1,392)	44,336
<i>Profit before tax</i>					
* January-September 2014	1,192,216	114,150	100,876	-	1,407,242
* January-September 2015	984,497	81,089	129,191	-	1,194,777
<i>Income tax expense</i>					
* January-September 2014	-	-	(293,249)	-	(293,249)
* January-September 2015	-	-	(219,446)	-	(219,446)
<i>Net profit</i>					
* January-September 2014	1,192,216	114,150	(192,373)	-	1,113,993
* January-September 2015	984,497	81,089	(90,255)	-	975,331

Statement of Cash Flows

Statements of cash flows for January-September 2014 and January-September 2015 are indicated below:

INDICATOR	9 months 2014 (RON thousand)	9 months 2015 (RON thousand)	Variation (%)
1	2	3	4=(3-2)/2x100
Cash flows from operating activities			
Net profit for the period	1,113,993	975,331	-12%
<i>Adjustments for:</i>			
Income tax expense	293,249	219,446	-25%
Interest expense	24	23	-4%
Unwinding of decommissioning provision	11,565	13,579	17%
Interest revenue	(58,029)	(34,767)	-40%
Loss on disposal of non-current assets	14,803	15,716	6%
Change in decommissioning provision recognized in profit or loss, other than unwinding	(10,964)	(1,114)	-90%
Change in other provisions	(12,983)	(4,653)	-64%
Expenses for impairment of exploration assets	137,485	107,296	-22%
Exploration costs	21,140	-	-
Impairment of non-current assets	56,192	(6,763)	-
Depreciation and amortization	374,829	428,365	14%
Impairment of investment in associates	220	1,297	490%
Impairment of other financial investments	-	6,694	-
Losses from trade receivables and other assets	179,159	188,530	5%
Write-down allowance of inventory	-	1,308	-
Net cash generated by operating activities, prior to working capital variation	2,120,683	1,910,288	-10%
Movements in working capital:			
(Increase)/Decrease in inventory	57,104	(168,490)	-
(Increase)/Decrease in trade and other receivables	425,624	113,474	-73%
Increase/(Decrease) in trade and other liabilities	(171,879)	(94,739)	-45%
Cash generated from operations	2,431,532	1,760,533	-28%
Interest paid	(24)	(23)	-4%
Income taxes paid	(433,314)	(286,836)	-34%
Net cash generated by operating activities	1,998,194	1,473,674	-26%
Cash flows from investing activities			
Increase in investments in associates	-	(753)	-
Investments in subsidiaries	-	(1,200)	-
(Increase)/ Decrease in other financial assets	(207,133)	61,632	-
Interest received	59,470	35,948	-40%
Proceeds from sale of non-current assets	-	627	-
Loans to associates	-	(703)	-
Reimbursement of loans to associates	-	65	-
Dividends received	-	1,634	-
Acquisition of non-current assets	(254,271)	(234,676)	-8%
Acquisition of exploration assets	(469,458)	(461,752)	-2%
Net cash used in investing activities	(871,392)	(599,178)	-31%
Cash flows from financing activities			
Dividends paid	(986,550)	(1,214,539)	23%
Net cash used in financing activities	(986,550)	(1,214,539)	23%
Net increase/(decrease) in cash and cash equivalents	140,252	(340,043)	-
Cash and cash equivalents at the beginning of the year	1,563,590	1,953,787	25%
Cash and cash equivalents on September 30	1,703,842	1,613,744	-5%

The company's statement of cash flows is prepared using the indirect method, whereby net profit is adjusted for the effects of non-cash transactions, any deferrals or accruals of cash payments or receipts from operations, past or future, and items of income or expense associated with cash flows from investing or financing activities.

Reconciliation of profit before tax to cash flow generated from operating activities (before changes in net current assets) resulted in a net upward adjustment of RON 1,910.29 million for Jan.-Sep. 2015 compared to RON 2,120.68 million for the similar period of 2014.

The most important movements in cash flows were the receipts for gas delivered to the company's clients, payments for acquisition of non-current assets (RON 234.68 million) and exploration assets in amount of RON 461.75 million, as per the investment plans approved by the company.

Indicators

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

Indicators	Calculation formula	M.U.	9 months 2014	9 months 2015
1	2	3	4	5
Working Capital (WC)	$C_{lt}-A_f = E+L_{nc} +Pr+S_i-A_f$	million RON	3,466	3,276
Working Capital Requirements (WCR)	$(A_c-L+ Pp) - (L_{crt}-Cr_{st}+ I_{df})$	million RON	1,762	1,662
Net Cash	$WC-WCR = L-Cr_{st}$	million RON	1,704	1,614
Economic Rate of Return	$P_g/C_{lt} \times 100$	%	14.31	12.11
Return on Equity	$P_n/C_{lt} \times 100$	%	11.83	10.30
Return on Sales	$P_g/R \times 100$	%	42.82	40.73
Return on Assets	$P_n/A \times 100$	%	10.86	9.39
EBIT	$P_g+Ex_i-I_r$	million RON	1,349	1,160
EBITDA	$EBIT+Am$	million RON	1,918	1,689
ROCE	$EBIT/C_{emp} \times 100$	%	13.72	11.76
Asset Solvency	$E/L \times 100$	%	91.76	91.18
Current Liquidity	A_{crt}/L_{crt}	-	9.04	7.27
Gearing Ratio	$Lc/E \times 100$	%	0.00	0.00
Accounts Receivables Turnover	$Aar/R \times 90$	-	63.01	74.63
Non-current Assets Turnover	R/ A_f	-	0.52	0.45

where:

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



Attached hereto are the Interim Financial Statements for the 9 month period ending on September 30, 2015 prepared in accordance with IFRS.

Signatures:

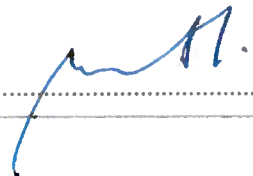
Chairman of the Board

AURORA NEGRUȚ

.....


Director General

MARIUS VIRGIL METEA

.....


Economic Department Director,

LUCIA IONAȘCU

.....


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

INDIVIDUAL INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTH AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2015

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

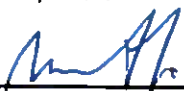
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**STATEMENT OF INDIVIDUAL INTERIM COMPREHENSIVE INCOME
FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT
AUDITED)**

	Note	Nine months September 30, 2015 '000 RON	Three months September 30, 2015 '000 RON	Nine months September 30, 2014 '000 RON	Three months September 30, 2014 '000 RON
Revenue	3	2,933,107	697,999	3,286,770	760,426
Cost of commodities sold	5	(33,208)	(5,205)	(154,940)	(22,344)
Investment income	4	34,767	9,419	58,029	16,571
Other gains and losses	6	(213,534)	(24,761)	(195,600)	(12,406)
Changes in inventory of finished goods and work in progress		129,917	171,350	30,202	129,193
Raw materials and consumables used	5	(58,934)	(18,221)	(38,398)	(8,374)
Depreciation, amortization and impairment expenses	7	(528,898)	(232,022)	(568,506)	(202,166)
Employee benefit expense	8	(358,748)	(130,708)	(323,624)	(111,120)
Finance cost	9	(13,602)	(4,497)	(11,589)	(3,625)
Exploration expense	13	-	-	(21,140)	-
Other expenses	10	(740,426)	(243,222)	(751,371)	(235,092)
Other income	3	44,336	22,505	97,409	6,648
Profit before tax		1,194,777	242,637	1,407,242	317,711
Income tax expense	11	(219,446)	(33,915)	(293,249)	(74,676)
Profit for the period		975,331	208,722	1,113,993	243,035
Basic and diluted earnings per share		0.0025	0.0005	0.0029	0.0006
Total comprehensive income for the period		975,331	208,722	1,113,993	243,035

These individual interim financial statements were authorized for issue by the Board of Directors on November 12, 2015.


Virgil Metea
General Manager


Lucia Ionascu
Economic Director

The accompanying notes form an integral 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 SEPTEMBER 30, 2015 (NOT AUDITED)

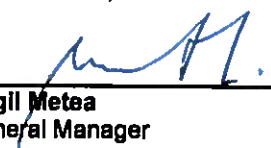
	Note	September 30, 2015	December 31, 2014
		'000 RON	'000 RON
ASSETS			
Non-current assets			
Property, plant and equipment	12	6,030,668	5,962,719
Other intangible assets	14	488,188	407,449
Investments in subsidiaries	24 a)	1,200	-
Investments in associates	24 b)	194	738
Other financial assets	25, 28	70,195	76,889
Total non-current assets		6,590,423	6,447,795
Current assets			
Inventories	15	559,360	392,108
Trade and other receivables	16a	621,209	1,000,195
Other financial assets	28	853,520	916,333
Other assets	16b	150,969	101,886
Cash and cash equivalents	27	1,613,744	1,953,787
Total current assets		3,798,802	4,364,309
Total assets		10,389,225	10,812,104
EQUITY AND LIABILITIES			
Equity			
Share capital	17	385,422	385,422
Reserves	18	2,571,188	2,142,347
Retained earnings		6,516,658	7,184,249
Total equity		9,473,268	9,712,018
Non-current liabilities			
Retirement benefit obligation	19	97,265	97,265
Deferred tax liabilities	11	97,191	131,305
Provisions	19	198,877	202,293
Total non-current liabilities		393,333	430,863

The accompanying notes form an integral 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 SEPTEMBER 30, 2015 (NOT AUDITED)**

	<u>Note</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
		'000 RON	'000 RON
Current liabilities			
Trade and other payables	20	188,749	216,983
Current tax liabilities		60,314	93,590
Provisions	19	44,592	35,814
Other liabilities	20	<u>228,969</u>	<u>322,836</u>
Total current liabilities		<u>522,624</u>	<u>669,223</u>
Total liabilities		<u>915,957</u>	<u>1,100,086</u>
Total equity and liabilities		<u>10,389,225</u>	<u>10,812,104</u>

These individual interim financial statements were authorized for issue by the Board of Directors on November 12, 2015.



Virgil Metea
General Manager



Lucia Ionascu
Economic Director

STATEMENT OF INDIVIDUAL INTERIM CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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
Allocation to dividends *)	-	-	-	(1,214,081)	(1,214,081)
Increase other reserves	-	-	407,035	(407,035)	-
Reinvested profit	-	-	21,806	(21,806)	-
Total comprehensive income for the period	-	-	-	975,331	975,331
Balance as of September 30, 2015	385,422	77,084	2,494,104	6,516,658	9,473,268
Balance as of January 1, 2014	1,892,681	77,084	1,872,516	5,450,493	9,292,774
Allocation to dividends *)	-	-	-	(990,637)	(990,637)
Increase other reserves	-	-	162,079	(162,079)	-
Share capital decrease	(1,507,259)	-	-	1,507,259	-
Total comprehensive income for the period	-	-	-	1,113,993	1,113,993
Balance as of September 30, 2014	385,422	77,084	2,034,595	6,919,029	9,416,130

*) In 2015, the Company's shareholders approved to allocate the amount of thousand RON 1,214,081 to dividends (2014: thousand RON 990,637), the dividend per share being RON 3.15 (2014: RON 2.57 per share).

These individual interim financial statements were authorized for issue by the Board of Directors on November 12, 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 NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT
AUDITED)**

	Nine months September 30, 2015 <u>'000 RON</u>	Three months September 30, 2015 <u>'000 RON</u>	Nine months September 30, 2014 <u>'000 RON</u>	Three months September 30, 2014 <u>'000 RON</u>
Cash flows from operating activities				
Net profit for the period	975,331	208,722	1,113,993	243,035
Adjustments for:				
Income tax expense	219,446	33,915	293,249	74,676
Interest expense	23	6	24	14
Unwinding of decommissioning provision	13,579	4,491	11,565	3,611
Interest revenue	(34,767)	(9,419)	(58,029)	(16,571)
Loss on disposal of non-current assets	15,716	14,233	14,803	9,447
Change in decommissioning provision recognized in profit or loss, other than unwinding	(1,114)	(865)	(10,964)	(181)
Change in other provisions	(4,653)	(1,598)	(12,983)	(1,186)
Impairment of exploration assets	107,296	99,447	137,485	85,772
Exploration projects written-off	-	-	21,140	-
Impairment of non-current assets	(6,763)	(4,833)	56,192	3,097
Depreciation and amortization	428,365	137,408	374,829	113,297
Impairment of financial investments	1,297	664	220	62
Impairment of other financial assets	6,694	6,694	-	-
Receivable write-offs and movement in allowances for trade receivables and other assets	188,530	3,205	179,159	3,064
Movement in write-down allowances for inventory	1,308	-	-	-
	1,910,288	492,070	2,120,683	518,137
Movements in working capital:				
Decrease/(Increase) in inventory	(168,490)	(204,189)	57,104	(126,076)
Decrease/(Increase) in trade and other receivables	113,474	(34,088)	425,624	91,582
(Decrease)/Increase in trade and other liabilities	(94,739)	64,819	(171,879)	(22,574)
Cash generated from operations	1,760,533	318,612	2,431,532	461,069
Interest paid	(23)	(6)	(24)	(14)
Income taxes paid	(286,836)	(71,902)	(433,314)	(108,067)
Net cash generated by operating activities	1,473,674	246,704	1,998,194	352,988

The accompanying notes form an integral 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 NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT
AUDITED)**

	Nine months September 30, 2015 <u>'000 RON</u>	Three months September 30, 2015 <u>'000 RON</u>	Nine months September 30, 2014 <u>'000 RON</u>	Three months September 30, 2014 <u>'000 RON</u>
Cash flows from Investing activities				
Increase in investments in associates	(753)	(664)	-	-
Investment in subsidiaries	(1,200)	(1,200)	-	-
(Increase)/Decrease in other financial assets	61,632	167,756	(207,133)	(462,534)
Interest received	35,948	10,265	59,470	25,107
Proceeds from sale of non-current assets	627	608	-	-
Loans granted to associates	(703)	(24)	-	-
Reimbursements of loans granted to associates	65	-	-	-
Dividends received	1,634	-	-	-
Acquisition of non-current assets	(234,676)	(76,670)	(254,271)	(29,374)
Acquisition of exploration assets	(461,752)	(149,768)	(469,458)	(175,831)
Net cash used in Investing activities	<u>(599,178)</u>	<u>(49,697)</u>	<u>(871,392)</u>	<u>(642,632)</u>
Cash flows from financing activities				
Dividends paid	(1,214,539)	(1,213,669)	(986,550)	(986,550)
Net cash used in financing activities	<u>(1,214,539)</u>	<u>(1,213,669)</u>	<u>(986,550)</u>	<u>(986,550)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(340,043)</u>	<u>(1,016,662)</u>	<u>140,252</u>	<u>(1,276,194)</u>
Cash and cash equivalents at the beginning of the period	<u>1,953,787</u>	<u>2,630,406</u>	<u>1,563,590</u>	<u>2,980,036</u>
Cash and cash equivalents at the end of the period	<u>1,613,744</u>	<u>1,613,744</u>	<u>1,703,842</u>	<u>1,703,842</u>

These individual interim financial statements were authorized for issue by the Board of Directors on November 12, 2015.


Virgil Mejea
General Manager


Lucia Ionascu
Economic Director

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

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

1. BACKGROUND AND GENERAL BUSINESS

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

S.N.G.N. Romgaz S.A. is a joint stock company, incorporated in accordance with the Romanian legislation.

The Company's headquarter is in Mediaş, 4 Constantin I. Motaş Square, 551 130, Sibiu County.

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 interim financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB), however, the differences have no material impact on the Company's 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.

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).

This is a free translation from the original Romanian version.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

The Company prepared individual interim financial statements, as its subsidiary SNGN ROMGAZ SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL, registered at the Trade Register on August 21, 2015 had no activity until September 30, 2015, 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 interim 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 interim 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.

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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint arrangements (continued)

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 interim 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).

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);

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- 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);
- 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.

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NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the statement of comprehensive income in the period in which they arise.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

At year end, the Company records 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 are 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.

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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

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)

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 periodically in the comprehensive income as a finance cost, as it occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. 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.

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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax (continued)

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.

(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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

(1) Cost (continued)

(iii) Maintenance and repairs (continued)

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:

<u>Asset</u>	<u>Years</u>
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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

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 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 licenses issued by the National Authority for Energy Regulation ("ANRE") 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 licenses are amortized over the period for which they were issued.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

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. 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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

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.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS
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AUDITED)**

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 period by setting up the reserve;
- development quota reserve, non-distributable, set up until 2004.

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. 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.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (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 multiplier 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.

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.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT
AUDITED)**

3. REVENUE AND OTHER INCOME

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Revenue from gas sold - internal production	2,388,928	460,046	2,584,126	568,590
Revenue from gas acquired for resale – import gas	3,195	-	104,116	4,235
Revenue from gas acquired for resale – internal gas	10,643	4,060	11,237	3,920
Revenue from storage services	247,381	56,127	307,026	89,786
Revenue from electricity	238,274	160,630	242,941	79,062
Revenue from sale of goods	11,124	3,282	8,698	2,979
Revenue from services	28,316	12,049	23,285	10,030
Other operating revenues	49,582	24,310	102,750	8,472
Total	2,977,443	720,504	3,384,179	767,074

4. INVESTMENT INCOME

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Interest revenue	34,767	9,419	58,029	16,571
Total	34,767	9,419	58,029	16,571

5. COST OF COMMODITIES SOLD AND RAW MATERIALS AND CONSUMABLES

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Consumables used	55,954	17,495	34,144	7,770
Cost of gas acquired for resale, sold – import	3,080	-	97,525	3,808
Cost of gas acquired for resale, sold – domestic	9,291	3,362	9,281	3,284
Cost of electricity imbalance	20,180	1,536	47,340	14,909
Cost of other goods sold	666	307	794	343
Other consumables	2,981	726	4,254	604
Total	92,142	23,426	193,338	30,718

This is a free translation from the original Romanian version.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT
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6. OTHER GAINS AND LOSSES

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>
Forex gain	746	401	913	213
Forex loss	(735)	(366)	(2,331)	(46)
Loss on disposal of non-current assets	(15,716)	(14,233)	(14,803)	(9,447)
Receivable allowances and write offs, net	(188,528)	(3,204)	(179,144)	(3,083)
Impairment of financial assets	(7,991)	(7,358)	(220)	(62)
Write down allowances for inventory, net	(1,308)	-	-	-
Losses from trade receivables	(2)	(1)	(15)	(1)
Total	<u>(213,534)</u>	<u>(24,761)</u>	<u>(195,600)</u>	<u>(12,406)</u>

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>
Depreciation	428,365	137,408	374,829	113,297
<i>Out of which:</i>				
- Depreciation of property, plant and equipment	414,484	132,903	363,284	110,420
- Amortization of intangible assets	13,881	4,505	11,545	2,877
Impairment of non-current assets	100,533	94,614	193,677	88,869
Total depreciation, amortization and Impairment	<u>528,898</u>	<u>232,022</u>	<u>568,506</u>	<u>202,166</u>

8. EMPLOYEE BENEFITS AND SOCIAL CHARGES

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>
Wages and salaries	264,026	95,085	231,788	78,557
Social security charges	64,767	22,048	68,804	21,740
Meal tickets	7,936	2,526	6,147	1,844
Other benefits according to collective labor contract	14,479	8,544	9,468	6,065
Private pension payments	7,540	2,505	7,617	2,914
Total	<u>358,748</u>	<u>130,708</u>	<u>323,624</u>	<u>111,120</u>

This is a free translation from the original Romanian version.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS
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8. EMPLOYEE BENEFITS AND SOCIAL CHARGES (continued)

In the nine months ended September 30, 2015, in addition to the amount of thousand RON 358,748 the Company recorded employee benefits and social charges in amount of thousand RON 71,113 which have been capitalized in the cost of internally produced tangible assets (nine months ended September 30, 2014: thousand RON 79,947).

9. FINANCE COSTS

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Interest expense	23	6	24	14
Unwinding of the decommissioning provision	13,579	4,491	11,565	3,611
Total	13,602	4,497	11,589	3,625

10. OTHER EXPENSES

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Energy and water expenses	12,035	5,894	14,813	6,178
Expenses for capacity booking and gas transmission services	32,455	17,987	28,903	10,195
Expenses with other taxes and duties	573,640	167,773	580,430	165,014
(Gain) / Loss from provisions movement	(5,767)	(2,463)	(20,931)	1,649
Other operating expenses	128,063	54,031	148,156	52,056
Total	740,426	243,222	751,371	235,092

In the nine months ended September 30, 2015, the major taxes included in the amount of thousand RON 573,640 (nine months ended September 30, 2014: thousand RON 580,430) for taxes and duties are:

- thousand RON 263,008, including amounts related to joint ventures, 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 (nine months ended September 30, 2014: thousand RON 250,483);
- thousand RON 48,649, including amounts related to joint ventures, 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 (nine months ended September 30, 2014: thousand RON 68,239);

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS
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10. OTHER EXPENSES (CONTINUED)

- thousand RON 223,604, including amounts related to joint ventures, represents royalty on gas production and storage activity (nine months ended September 30, 2014: thousand RON 218,663).

11. INCOME TAXES

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Income tax				
Current period tax expense	253,560	58,416	301,794	68,125
Deferred income tax (revenue)/expense	(34,114)	(24,501)	(8,545)	6,551
Income tax expense	219,446	33,915	293,249	74,676

The tax rate used for the nine months ended September 30, 2015, respectively September 30, 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:

	Nine months September 30, 2015	Nine months September 30, 2014
	'000 RON	'000 RON
Accounting profit before tax	1,194,777	1,407,242
Income tax expense calculated at 16%	191,164	225,159
Effect of income exempt of taxation	(27,224)	(4,599)
Effect of expenses that are not deductible in determining taxable profit	97,868	86,724
Fiscal facilities	(3,489)	-
Effect of temporary differences	(38,873)	(14,035)
Income tax expense	219,446	293,249

Components of deferred tax liability:

	September 30, 2015		December 31, 2014	
	Cumulative temporary differences	Deferred tax (asset) / liability	Cumulative temporary differences	Deferred tax (asset) / liability
	'000 RON	'000 RON	'000 RON	'000 RON
Provisions	(329,841)	(52,775)	(320,227)	(51,236)
Property, plant and equipment	1,088,664	174,186	1,290,285	206,446
Receivables and other assets	(151,375)	(24,220)	(149,399)	(23,905)
Total	607,448	97,191	820,659	131,305
Charged to income		(34,114)		(15,135)

This is a free translation from the original Romanian version.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 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	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
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
Reclassification	-	355,583	256,831	(434,327)	(76,280)	(101,807)	-	-	-
Additions *)	2,008	6,055	280,412	23,205	1,562	103,783	375,691	245,679	1,038,393
Disposals *)	(18)	(644)	(17,364)	(2,553)	(207)	-	(118,397)	(294,546)	(433,729)
As of September 30, 2015	106,048	818,022	5,392,078	682,913	82,720	1,606,277	1,109,802	499,218	10,297,074
Accumulated depreciation									
As of January 1, 2015	-	84,071	2,030,012	505,872	113,502	370,324	-	-	3,103,781
Reclassification	-	86,055	106,394	(126,928)	(60,662)	(4,859)	-	-	-
Charge for the period **)	-	23,960	305,895	43,222	5,099	60,360	-	-	438,536
Disposals	-	(100)	(1,979)	(1,890)	(186)	-	-	-	(4,155)
As of September 30, 2015	-	193,986	2,440,322	420,276	57,753	425,825	-	-	3,538,162
Impairment									
As of January 1, 2015	3,180	15,176	174,085	24,881	298	6,253	339,084	62,953	625,910
Reclassification	-	810	14	(404)	58	(478)	-	-	-
Charge for the period	-	217	40,944	3,557	95	-	155,329	17,878	218,020
Release during the period	-	(592)	(47,632)	(2,164)	(66)	(1,371)	(48,419)	(15,452)	(115,686)
As of September 30, 2015	3,180	15,621	167,411	25,870	385	4,404	445,994	65,379	728,244
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
As of September 30, 2015	102,866	608,415	2,784,343	236,767	24,582	1,176,048	663,808	433,839	6,030,668

*) Amounts include put in functions/transfers in amount of thousand RON 412,871.

**) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to thousand RON 21,730.

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12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2014	<u>103,110</u>	<u>449,978</u>	<u>4,539,218</u>	<u>1,002,118</u>	<u>153,893</u>	<u>1,539,539</u>	<u>691,696</u>	<u>312,332</u>	<u>8,791,884</u>
Additions*)	1,274	5,365	223,484	49,489	298	14,910	408,816	271,669	975,305
Disposals*)	-	(219)	(20,047)	(1,655)	(111)	(476)	(223,460)	(85,800)	(331,768)
As of September 30, 2014	<u>104,384</u>	<u>455,124</u>	<u>4,742,655</u>	<u>1,049,952</u>	<u>154,080</u>	<u>1,553,973</u>	<u>877,052</u>	<u>498,201</u>	<u>9,435,421</u>
Accumulated depreciation									
As of January 1, 2014	<u>-</u>	<u>54,773</u>	<u>1,739,256</u>	<u>415,026</u>	<u>69,594</u>	<u>297,858</u>	<u>-</u>	<u>-</u>	<u>2,596,507</u>
Charge for the period**)	-	11,387	238,587	83,116	3,925	60,511	-	-	397,528
Disposals	-	(60)	(5,826)	(1,292)	(90)	(198)	-	-	(7,466)
As of September 30, 2014	<u>-</u>	<u>65,100</u>	<u>1,972,017</u>	<u>496,850</u>	<u>93,429</u>	<u>358,171</u>	<u>-</u>	<u>-</u>	<u>2,986,567</u>
Impairment									
As of January 1, 2014	<u>3,180</u>	<u>14,383</u>	<u>69,645</u>	<u>22,780</u>	<u>124</u>	<u>-</u>	<u>276,880</u>	<u>41,118</u>	<u>428,110</u>
Charged for the period	-	-	56,192	-	-	-	49,732	-	105,924
Release during the period	-	-	-	(188)	-	-	(6,130)	-	(6,318)
As of September 30, 2014	<u>3,180</u>	<u>14,383</u>	<u>125,837</u>	<u>22,592</u>	<u>124</u>	<u>-</u>	<u>320,482</u>	<u>41,118</u>	<u>527,716</u>
Carrying value									
As of January 1, 2014	<u>99,930</u>	<u>380,822</u>	<u>2,730,317</u>	<u>564,312</u>	<u>64,175</u>	<u>1,241,681</u>	<u>414,816</u>	<u>271,214</u>	<u>5,767,267</u>
As of September 30, 2014	<u>101,204</u>	<u>374,641</u>	<u>2,644,801</u>	<u>530,510</u>	<u>60,527</u>	<u>1,195,802</u>	<u>556,570</u>	<u>457,083</u>	<u>5,921,138</u>

*) Amounts include put in functions/transfers in amount of thousand RON 288,059.

***) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to thousand RON 32,743.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

13. EXPLORATION AND APPRAISAL FOR NATURAL GAS RESOURCES

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

	Nine months September 30, 2015	Three months September 30, 2015	Nine months September 30, 2014	Three months September 30, 2014
	'000 RON	'000 RON	'000 RON	'000 RON
Exploration expenditure	-	-	21,140	-
Net movement in exploration assets' impairment	107,296	99,447	137,485	85,772
Net cash used in investing activities	(461,752)	(149,768)	(469,458)	(175,831)
			September 30, 2015	December 31, 2015
			'000 RON	'000 RON
Exploration assets			1,130,768	894,705
Liabilities			(21,823)	(125,496)
Net assets			1,108,945	769,209

14. OTHER INTANGIBLE ASSETS

	Development expenses	Licenses	Intangible exploration assets - WIP	Intangible work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost					
As of January 1, 2015	14,684	168,266	497,329	2,606	882,785
Additions	2,559	7,942	86,065	7,202	103,768
Disposals	(2,187)	(514)	-	(8,784)	(11,485)
As of September 30, 2015	14,956	175,694	583,394	1,024	775,068
Accumulated amortization					
As of January 1, 2015	5,066	152,045	-	-	157,101
Charge for the period	1,655	12,226	-	-	13,881
Disposals	-	(514)	-	-	(514)
As of September 30, 2015	6,711	163,757	-	-	170,468
Impairment					
As of January 1, 2015	-	-	116,048	2,187	118,235
Charge for the period	-	-	14,501	-	14,501
Transfers	2,187	-	-	(2,187)	-
Release during the period	(2,187)	-	(14,115)	-	(16,302)
As of September 30, 2015	-	-	116,434	-	116,434
Carrying value					
As of January 1, 2015	9,528	16,221	381,281	419	407,449
As of September 30, 2015	8,246	11,937	466,960	1,024	488,166

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

14. OTHER INTANGIBLE ASSETS (continued)

	Development expenses '000 RON	Licenses '000 RON	Intangible exploration assets - WIP '000 RON	Intangible work in progress - other '000 RON	Total '000 RON
Cost					
As of January 1, 2014	4,133	160,044	381,577	4,834	550,588
Additions	-	2,124	60,703	8,542	71,369
Disposals	-	(167)	(360)	(1,445)	(1,972)
As of September 30, 2014	4,133	162,001	441,920	11,931	619,985
Accumulated amortization					
As of January 1, 2014	4,088	138,389	-	-	142,457
Charge for the period	25	11,520	-	-	11,545
Disposals	-	(167)	-	-	(167)
As of September 30, 2014	4,113	149,722	-	-	163,835
Impairment					
As of January 1, 2014	-	-	24,175	-	24,175
Charge for the period	-	-	93,883	-	93,883
As of September 30, 2014	-	-	118,058	-	118,058
Carrying value					
As of January 1, 2014	45	21,675	357,402	4,834	383,956
As of September 30, 2014	20	12,279	323,862	11,931	348,092

15. INVENTORIES

	September 30, 2015 '000 RON	December 31, 2014 '000 RON
Spare parts and materials	157,316	142,687
Work in progress	927	144
Finished goods	350,387	240,104
Residual products	87	105
Inventories at third parties	72,657	39,816
Commodities (gas)	10,182	122
Other commodities	73	91
Packaging	5	5
Write-down allowance for slow moving inventory	(32,212)	(24,060)
Write-down allowance for inventories at third parties	(62)	(6,906)
Total	559,360	392,108

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

16. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Trade receivables - short term	1,326,642	1,528,203
Bad debt allowances - short term (Note 16 c)	(753,848)	(565,988)
Accrued receivables	48,415	37,960
Total trade receivables	621,209	1,000,195

b) Other assets

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Advance paid to suppliers	18,022	34,999
Joint venture receivables	5,093	436
Loans to associates	17,437	17,054
Interest on loan to associates	835	846
Bad debt allowance on loans to associates (Note 16 c)	(18,272)	(17,900)
Other receivables	9,152	9,289
Other debtors	45,224	45,404
Prepayments	96,950	42,015
VAT not yet due	19,301	12,500
Bad debt allowances for other debtors (Note 16 c)	(42,773)	(42,757)
Total other assets	150,969	101,886

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	218,165	179,167
Forex on revaluation of foreign currency balances	(260)	-
Release during the period	(29,637)	(23)
At September 30	814,893	572,433

As of September 30, 2015, the Company recorded allowances for bad debts related to receivables from Interagro thousand RON 273,229 (December 31, 2014: thousand RON 281,015), 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 209,421 (December 31, 2014: thousand RON 160,678), Electrocentrale Bucuresti with thousand RON 136,426 (December 31, 2014: thousand RON 0) and G-ON EUROGAZ of thousand RON 14,848 (December 31, 2014: thousand RON 14,903), due to existing financial conditions of these clients as well as ongoing litigating cases related to these receivables or exceeding payment terms.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

16. ACCOUNTS RECEIVABLE (continued)

	September 30, 2015	December 31, 2014
	<u>'000 RON</u>	<u>'000 RON</u>
Current receivables but not impaired	378,849	958,596
Overdue receivables but not impaired		
less than 30 days overdue	34,573	10,534
30 to 90 days overdue	54,187	1
90 to 360 days overdue	104,937	749
over 360 days overdue	248	-
Total overdue receivables but not impaired	<u>193,945</u>	<u>11,284</u>
Total trade receivables	<u>572,794</u>	<u>969,880</u>

17. SHARE CAPITAL

	Share capital	
	September 30, 2015	December 31, 2014
	<u>'000 RON</u>	<u>'000 RON</u>
385,422,400 fully paid ordinary shares	385,422	385,422
Total	<u>385,422</u>	<u>385,422</u>

The shareholding structure as at September 30, 2015 is as follows:

	No. of shares	Value '000 RON	Percentage %
The Romanian State through the Ministry of Energy, Small and Medium Enterprises and Business Environment	269,823,080	269,823	70
S.C. Fondul Proprietatea S.A.	38,542,960	38,543	10
Legal persons	66,026,995	66,027	17
Physical persons	11,029,365	11,029	3
Total	<u>385,422,400</u>	<u>385,422</u>	<u>100</u>

All shares are ordinary and were subscribed and fully paid as at September 30, 2015. All shares carry equal voting rights and have a nominal value of RON 1/share (December 31, 2014: RON 1/share).

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

18. RESERVES

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Legal reserves	77,084	77,084
Other reserves, of which:	2,494,104	2,065,263
- Company's development fund	1,955,242	1,548,207
- Tax incentives	52,474	30,668
- Geological quota set up until 2004	486,388	486,388
Total	2,571,188	2,142,347

19. PROVISIONS

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Decommissioning provision - long term portion	198,877	202,293
Decommissioning provision - short term portion	33,381	19,950
Retirement benefit obligation	97,265	97,265
Provisions for land restoration	10,892	15,146
Other provisions	319	718
Total	340,734	335,372
Decommissioning provision		
<i>Decommissioning provision movement</i>	2015	2014
	'000 RON	'000 RON
At January 1	222,243	214,161
Additional provision recorded against non-current assets	17	4,739
Unwinding effect	13,579	11,565
Recorded in profit or loss	(1,114)	(10,964)
Release against non-current assets	(2,467)	(4,536)
At September 30	232,258	214,965

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 September 30, 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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

20. TRADE AND OTHER CURRENT LIABILITIES

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Accruals	90,113	48,844
Trade payables	28,667	39,324
Payables to fixed assets suppliers	33,273	110,859
Advances from customers	38,696	17,956
Total trade payables	188,749	216,983
Payables related to employees	22,385	55,353
Royalties	77,834	77,097
Social security taxes	15,818	26,465
Other current liabilities	35,345	31,600
Joint venture payables	2,587	4,089
VAT	48,626	70,260
Dividends payable	1,892	2,350
Windfall tax	20,816	50,188
Other taxes	3,666	5,434
Total other current liabilities	228,969	322,836
Total trade and other current liabilities	417,718	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.

(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.

As at September 30, 2015, the official exchange rates were RON 3.9342 to USD 1 and RON 4.4167 to EUR 1 and (December 31, 2014: RON 3.6868 to USD 1 and RON 4.4821 to EUR 1).

(ii) Inflation risk

The official inflation rate in Romania, during the nine-month period ended September 30, 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 not a hyperinflation economy.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

21. FINANCIAL INSTRUMENTS (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Interest rate risk

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

As of September 30, 2015, the Company had granted variable interest bearing loans having a gross value and the related interest of thousand RON 18,272 (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 89% of trade receivable balance at September 30, 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 September 30, 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 NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015
(NOT AUDITED)**

21. FINANCIAL INSTRUMENTS (continued)

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

	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
September 30, 2015						
Trade receivables	425,934	146,570	290	-	-	572,794
Treasury bills	-	-	521,355	-	-	521,355
Total	425,934	146,570	521,645	-	-	1,094,149
Trade payables	(44,939)	(15,001)	-	-	-	(59,940)
Total	(44,939)	(15,001)	-	-	-	(59,940)
Net	380,995	131,569	521,645	-	-	1,034,209
December 31, 2014						
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

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

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

22. RELATED PARTY TRANSACTIONS

(I) Sales of goods and services

	Nine months September 30, 2015	Nine months September 30, 2014
	'000 RON	'000 RON
Romgaz's associates	22,162	18,657
Total	22,162	18,657

(II) Trade receivables

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Romgaz's associates	2,999	1,306
Bad debt allowance	-	(1,305)
Total	2,999	1

(III) Loans granted to associates

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Romgaz's associates	18,272	17,900
Bad debt allowance	(18,272)	(17,900)
Total	-	-

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 clients operate. In the nine-month periods ended September 30, 2015 respectively September 30, 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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

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 nine-month periods ended September 30, 2015 and, respectively, September 30, 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

	<u>Nine months September 30, 2015</u> '000 RON	<u>Nine months September 30, 2014</u> '000 RON
Salaries paid to directors	8,493	8,511
	<u>September 30, 2015</u> '000 RON	<u>December 31, 2014</u> '000 RON
Salaries payable to directors	488	400

24. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

a) Investment in subsidiaries

Given the Company's legal obligation to separate the natural gas storage activity from the production and supply of natural gas activity, under Directive 2009/73/EC of the European Parliament and of the Council of July 13, 2009 and the provisions of art. 141, paragraph (1) of Law 123/2012, the shareholders decided at the end of 2014 to establish a subsidiary for the natural gas underground storage activity.

In August 2015 the subsidiary S.N.G.N. Romgaz S.A. – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești S.R.L., 100% owned by the Company, was registered at the Trade Register. The share capital of the subsidiary is thousand RON 1,200, divided into 120,000 shares with a nominal value of RON 10/share.

In the individual interim financial statements of the Company for the nine-month period ended September 30, 2015, the storage activity is being further carried by the Company. Romgaz has submitted to the Regulatory Authority for Energy (ANRE) the documentation required for transferring to the subsidiary the license for operating the natural gas underground storage of system, but, by the date these financial statements were authorized for issue, has not received an official response in this regard.

The Company did not prepare consolidated interim financial statements as of September 30, 2015 given the fact that the subsidiary did not carry out any activity since incorporation.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

24. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

b) Investment in associates

Associate	Main activity	Place of Incorporation and operation	Proportion of ownership interest and voting power held (%)	
			September 30, 2015	December 31 2014
SC Amgaz SA Medias SC Depomures SA Tg.Mures	Gas production	Romania	35	35
Energia Torzym Poland	Storage of natural gas	Romania	40	40
Cybinka Poland	Gas production	Poland	30	30
SC Agri LNG Project Company SRL	Gas production	Poland	30	30
	Feasibility projects	Romania	25	25
			September 30, 2015	December 31, 2014
			'000 RON	'000 RON
Investments in associates			13,559	12,806
Impairment			(13,365)	(12,068)
Total			194	738

Due to the insignificant size of these companies, the Company did not include in these individual interim financial statements as of September 30, 2015 its share of the results obtained by the associates within the nine-month period ended September 30, 2015.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

25. OTHER FINANCIAL ASSETS

Other financial investments

<u>Company</u>	<u>Main activity</u>	<u>Percentage held</u>	<u>Value as of September 30, 2015</u>	<u>Impairment as of September 30, 2015</u>	<u>Carrying value as of September 30, 2015</u>
			<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>
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	1,467	510
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	5,227	5,227
Total			94,741	24,546	70,195

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 September 30, 2015 the Company did not identify any indication of impairment of other financial investments, other than adjustments already recorded.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

26. OTHER FINANCIAL ASSETS (continued)

Other financial investments

<u>Company</u>	<u>Activity</u>	<u>Percentage held</u>	<u>Value as of December 31, 2014</u>	<u>Impairment as of December 31, 2014</u>	<u>Carrying value as of December 31, 2014</u>
			<u>'000 RON</u>	<u>'000 RON</u>	<u>'000 RON</u>
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

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

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 September 30, 2015 are recorded exploration assets in amount of thousand RON 25,033 (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 starting 2015. Any internally generated profits are eliminated in the individual interim statement of comprehensive income

b) Segment assets and liabilities

September 30, 2015	Upstream	Storage	Other	Total
	'000 RON	'000 RON	'000 RON	'000 RON
Property, plant and equipment	4,084,286	1,571,144	375,238	6,030,668
Other intangible assets	480,207	661	7,298	488,166
Associates and other long term financial assets	-	-	70,389	70,389
Investment in subsidiaries	-	-	1,200	1,200
Trade and other receivables	547,045	30,041	44,123	621,209
Inventories	445,069	90,473	23,818	559,360
Other short term financial assets	274	322,381	530,865	853,520
Other assets	31,338	19,376	100,257	150,969
Cash and cash equivalents	121,047	68,100	1,424,597	1,613,744
Total assets	5,709,264	2,102,176	2,577,785	10,389,225
Retirement benefit obligation	-	-	97,265	97,265
Deferred tax liabilities	-	-	97,191	97,191
Provisions	224,362	18,788	319	243,469
Other liabilities	150,903	2,095	136,285	289,283
Trade and other payables	142,375	5,583	40,791	188,749
Total liabilities	517,640	26,466	371,851	915,957

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

26. SEGMENT INFORMATION (continued)

b) Segment assets and liabilities (continued)

December 31, 2014	<u>Upstream</u>	<u>Storage</u>	<u>Other</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON
Property, plant and equipment	3,977,468	1,603,858	381,393	5,962,719
Other intangible assets	395,279	709	11,461	407,449
Associates and other long term financial assets	-	-	77,627	77,627
Trade and other receivables	930,283	34,858	35,054	1,000,195
Inventories	294,926	72,427	24,755	392,108
Other short term financial assets	334	193,817	722,182	916,333
Other assets	24,542	19,963	57,381	101,886
Cash and cash equivalents	153,291	68,385	1,732,111	1,953,787
Total assets	5,776,123	1,994,017	3,041,964	10,812,104
Retirement benefit obligation	-	-	97,265	97,265
Deferred tax liabilities	-	-	131,305	131,305
Provisions	237,389	-	718	238,107
Other liabilities	191,210	3,995	221,221	416,426
Trade and other payables	188,682	4,333	23,968	216,983
Total liabilities	617,281	8,328	474,477	1,100,086

c) Segment revenues, results and other segment information

Nine months September 30, 2015	<u>Upstream</u>	<u>Storage</u>	<u>Other</u>	<u>Adjustment and eliminations</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	2,548,165	247,478	497,461	(359,997)	2,933,107
Less: revenue between segments	(107,934)	-	(252,063)	359,997	-
Third party revenue	2,440,231	247,478	245,398	-	2,933,107
Interest revenue	1,490	4,291	28,986	-	34,767
Interest expense	(23)	-	-	-	(23)
Depreciation, amortization and impairment	(435,743)	(67,589)	(25,566)	-	(528,898)
Segment profit before tax	984,497	81,089	129,191	-	1,194,777

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

26. SEGMENT INFORMATION (continued)

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

Nine months September 30, 2014				Adjustment and	Total
	Upstream	Storage	Other	eliminations	
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	2,819,048	307,253	555,943	(395,474)	3,286,770
Less: revenue between segments	(86,371)	-	(309,103)	395,474	-
Third party revenue	2,732,677	307,253	246,840	-	3,286,770
Interest revenue	3,699	3,400	50,930	-	58,029
Interest expense	(24)	-	-	-	(24)
Depreciation, amortization and impairment	(450,401)	(64,588)	(53,517)	-	(568,506)
Segment profit before tax	1,192,216	114,150	100,876	-	1,407,242

In the "Other" segment is included the Electricity Production Branch (CET Iemut). Sales of CET Iemut in the nine-month period ended September 30, 2015, including the sales to the rest of Romgaz's segments were of thousand RON 306,846, of which thousand RON 67,253 were deliveries made to other Romgaz segments (nine-month period ended September 30, 2014: total sales of thousand RON 314,882, of which deliveries within Romgaz were in amount of thousand RON 71,504).

The profit obtained by CET Iemut in the nine-month period ended September 30, 2015, including deliveries to other segments of Romgaz, was of thousand RON 66,647 (nine-month period ended September 30, 2014: profit thousand RON 66,985).

In the nine-month period ended September 30, 2015, the Company's three largest clients each individually represents more than 10% of revenue (in the nine-month period ended September 30, 2014 the Company's three largest customers represented individually, over 10% of revenue), together totaling 73% of total revenue (nine-month period ended 30 September 2014: 69%). Of the total revenue generated by those three clients, 5.05% are shown in the "Storage" segment 94.85% in the "Upstream" segment (nine-month period ended September 30, 2014: 7% in the "Storage" segment, 93% 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.

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Current bank accounts in RON *)	53,805	40,062
Current bank accounts in foreign currency	37	24
Petty cash	36	23
Term deposits	1,369,868	1,639,706
Treasury bonds with maturity under 3 months	189,994	273,971
Amounts under settlement	4	1
Total	1,613,744	1,953,787

*) Current bank accounts include overnight deposits.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

28. OTHER FINANCIAL ASSETS

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

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Shares in unquoted entities	94,741	94,741
Impairment of shares in unquoted entities	(24,546)	(17,852)
Held-to-maturity investments	853,520	916,333
Total	923,715	993,222

29. COMMITMENTS UNDERTAKEN

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Endorsements and collaterals granted	37,620	34,551
Total	37,620	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 September 30, 2015 are still available for use thousand USD 5,262 (December 31, 2014: thousand USD 5,436).

30. COMMITMENTS RECEIVED

	September 30, 2015	December 31, 2014
	'000 RON	'000 RON
Endorsements and collaterals received	1,051,072	1,266,819
Total	1,051,072	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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

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, an additional burden to the state budget consists of income tax in 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 interim 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 completed, November 2, 2015 being the date for submission of objections by the parties. At the moment, the objections are not known, nor whether they will be taken into account by the investigation body. We can not say that the expertise (as it is at present) provides a clear conclusion on the existence or nonexistence of the loss.

(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 (Agentia Nationala de Administrare Fiscala - ANAF) ran a tax investigation at Romgaz regarding the tax statements and/or operations relevant for the investigation as well as the organization and management of tax and accounting evidence. The period under control was 2008 – 2013 for income tax and 2009 – 2013 for VAT.

Following the tax inspection, an additional liability was established for Romgaz of 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.

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. 148¹ 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.

The appeal was partially rejected for the amount of thousand RON 15,872. For thousand RON 4,179 a new fiscal control was ordered, which resulted in a tax burden of thousand RON 2,981. Romgaz will initiate legal proceedings against the aforesaid tax decisions.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

31. CONTINGENCIES (continued)

(d) Environmental contingencies

Environmental regulations are developing in Romania and the Company has not recorded any liability at September 30, 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 232,258 (December 31, 2014: thousand RON 222,243), representing decommissioning liability, and a provision for land restoration of thousand RON 10,892 (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, no. MS1/27.03.2014-27.03.2024. Environmental conditions imposed by the permit relate 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 September 30, 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 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 NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 (NOT AUDITED)

31. CONTINGENCIES (continued)

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

As of September 30, 2015, Romgaz holds in the account of Greenhouse Gas Emissions Unique Registry a number of 853,104 CO₂ certificates, as follows:

- a total of 824,645 certificates related to 2014, used for partial compliance of the 2014 emissions, namely 828,793 CO₂ 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 4,148 certificates were used for 2014 compliance. In the account remained 450,317 certificates;
- 7,587 certificates submitted 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 2013;
- According to EU Regulation No. 1123/2013 of November 8, 2013 regarding the establishment of the rights to international credits, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, the Protocol to the Framework-Convention of the United Nations on Climate Change (Kyoto Protocol) sets up two mechanisms for the creation of international credits that Companies can use to reduce emissions. Joint Implementation provides for the creation of emission reduction units (ERU), while the Clean Development Mechanism (CDM) provides for the creation of certified emission reductions (CER). Industries that fall under the European 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 2013-2020 period.
- A number of 343,602 certificates were acquired in September 2015, the first instalment of the current year.

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 CO₂ certificates as follows:

Operator Installation	Annual Allocation (tCO ₂ /year)							
	2013	2014	2015	2016	2017	2018	2019	2020
SNGN								
SNGN Romgaz -								
Romgaz -S.A. - CTE								
S.A. Iernut	962,085	824,645	687,204	549,763	412,322	274,862	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.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

31. CONTINGENCIES (continued)

(h) CET Iernut (continued)

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 September 30, 2015, 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: Bibești, Strâmba, Finta, Fierbinți-Târg, Frasin-Brazi, Zătreni, Boldu, Roșioru, Gura-Șuții, 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. As the fields are in an advanced stage of depletion, the operator performed stimulation works on wells 1 Vicsani and 1 Fratauti, which led to the abandonment of well 1 Vicsani and an increase in production for well 1 Fratauti.

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. The works needed to start the drilling were initiated.

- 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%. In June 2015, well Liliaci 1 was put in function in order to convert natural gas into electricity, through a generator. This step marks the transition to the development-operation phase.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 (NOT AUDITED)

32. JOINT ARRANGEMENTS (continued)


- 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 that 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), JKC (25%) and Romgaz through Bratislava branch (25%).
- f) In January 2009, Romgaz signed the amendment to partnership agreements through which holds a quota in the share capital of Energia Torzym spolka organizowana odpowiedzialnoscia spolka komanditowa (Energia Torzym) and of Energia Cybinka spolka organizowana 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%. In the Rapsodia perimeter, the drilling of a well was completed, generating negative results leading to the abandonment of the well. Subsequently, two wells were drilled in the Trident perimeter, one of which being abandoned, while the other generated positive results, leading to gas discoveries.

33. EVENTS AFTER THE BALANCE SHEET DATE

Following the transaction on the secondary market on October 21, 2015 S.C. Fondul Proprietatea S.A. is no longer a significant shareholder of the Company, holding a 6.18% interest in the Company's share capital.

34. APPROVAL OF INDIVIDUAL INTERIM FINANCIAL STATEMENTS

These individual interim financial statements were authorized for issue by the Board of Directors on November 12, 2015.



Virgil Măteș
General Manager



Lucia Ionașcu
Economic Director