S.N.G.N. ROMGAZ S.A.
INDIVIDUAL INTERIM FINANCIAL STATEMENTS

FOR HALF YEAR ENDED JUNE 30, 2013

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY EU

TOGETHER WITH
THE INDEPENDENT AUDITOR'S REPORT

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Deloitte.

Deloitte Audit S.R.L.
Sos. Nicolae Titulescu nr.4-8,
Intrarea de est,
etajul 2 - zona Deloitte si etajul 3,
Sector 1, 011141, Bucuresti,
Romania

Tel: +40 21 222 16 61
Fax: +40 21 222 16 60
www.deloitte.ro

To the Shareholders of
S.N.G.N Romgaz S.A.
Medias, Romania

REPORT ON THE REVIEW OF INTERIM INDIVIDUAL FINANCIAL INFORMATION

Introduction

1 We have reviewed the accompanying interim individual statement of financial position of S.N.G.N. Romgaz S.A. (the Company) as of June 30, 2013 and the related interim individual statements of comprehensive income, individual changes in shareholders' equity and individual cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim individual financial information in accordance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on this interim individual financial information based on our review.

Scope of Review

2 We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim individual financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3 Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim individual financial information does not present fairly, in all material respects, the individual financial position of the Company as of June 30, 2013 and its interim individual financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matters

4 This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders, those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders, for our review work, for this report, or for the conclusion we have formed.

Deloitte Audit SRL
Deloitte Audit S.R.L.
Bucharest, Romania
August 22, 2013

STATEMENT OF INDIVIDUAL INTERIM COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED JUNE 30, 2013

	Note	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
		'000 RON	'000 RON
Revenue	3	1,901,139	2,192,193
Cost of commodities sold	5	(302,048)	(591,965)
Investment income	4	59,003	78,517
Other gains and losses	6	32,418	(14,895)
Changes in inventory of finished goods and work in progress		33,055	12,429
Raw materials and consumables used	5	(56,976)	(61,382)
Depreciation, amortization and impairment expenses	7	(449,043)	(324,874)
Employee benefit expense	8	(244,607)	(225,095)
Finance cost	9	(15,230)	(26,850)
Exploration expense	13	(17,453)	(15,359)
Other expenses	10	(240,927)	(168,827)
Other income	3	26,285	99,721
Profit before tax		**725,616**	**953,613**
Income tax expense	11	(103,231)	(156,579)
Profit for the year		**622,385**	**797,034**
Weighted average no. of shares		38,542,240	38,303,838
Basic and diluted earnings per share		0.0161	0.0208
Total comprehensive income for the year		**622,385**	**797,034**

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

The accompanying notes form an integrant part of these individual interim financial statements.

STATEMENT OF INDIVIDUAL INTERIM FINANCIAL POSITION AT JUNE 30, 2013

	Note	Jun 30, 2013	Dec 31, 2012
		'000 RON	'000 RON
Assets			
Non-current assets			
Property, plant and equipment	**12**	5,779,940	5,880,770
Other intangible assets	**14**	259,005	230,704
Associates	**24**	7,614	7,614
Trade and other receivables	**16 a)**	-	52,646
Other financial assets	**25**	77,641	1,646
Other non-current assets	**27, 16 b)**	16,752	16,926
Total non-current assets		**6,140,952**	**6,190,306**
Current assets			
Inventories	**15**	452,794	507,849
Trade and other receivables	**16 a)**	629,950	906,806
Other financial assets	**29**	428,640	928,235
Other assets	**16 b)**	124,337	132,434
Cash and cash equivalents	**28**	2,028,748	1,739,330
Total current assets		**3,664,469**	**4,214,654**
Total assets		**9,805,421**	**10,404,960**
Equity and liabilities			
Capital and reserves			
Share capital	**17**	1,892,681	1,890,297
Reserves	**18**	1,949,229	1,773,651
Retained earnings		5,067,504	5,680,812
Total equity		**8,909,414**	**9,344,760**
Non-current liabilities			
Retirement benefit obligation	**19**	71,453	63,785
Deferred tax liabilities	**11**	213,193	257,835
Provisions	**19**	180,264	164,515
Total non-current liabilities		**464,910**	**486,135**

STATEMENT OF INDIVIDUAL INTERIM FINANCIAL POSITION AT JUNE 30, 2013

	Note	Jun 30, 2013	Dec 31, 2012
		'000 RON	'000 RON
Current liabilities			
Trade and other payables	**20**	193,542	292,685
Current tax liabilities		62,874	68,044
Provisions	**19**	30,211	28,735
Other liabilities	**20**	144,470	184,601
Total current liabilities		**431,097**	**574,065**
Total liabilities		**896,007**	**1,060,200**
Total equity and liabilities		**9,805,421**	**10,404,960**

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

STATEMENT OF INDIVIDUAL INTERIM CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2013

	Share capital '000 RON	Legal reserve '000 RON	Other reserves '000 RON	Retained earnings '000 RON
Balance as of Jan 1, 2013	**1,890,297**	**76,607**	**1,697,044**	**5,680,812**
Increase in share capital	2,384	-	-	-
Total comprehensive income for the year	-	-	-	622,385
Dividends paid	-	-	-	(1,060,115)
Increase other reserves	-	-	175,578	(175,578)
Balance as of Jun 30, 2013	**1,892,681**	**76,607**	**1,872,622**	**5,067,504**
Balance as of Jan 1, 2012	**1,890,297**	**76,607**	**1,603,940**	**5,592,775**
Total comprehensive income for the year	-	-	-	797,034
Dividends paid	-	-	-	(938,038)
Increase other reserves	-	-	93,104	(93,104)
Balance as of Jun 30, 2012	**1,890,297**	**76,607**	**1,697,044**	**5,358,667**

The Company increased its share capital by incorporating the value of several plots of land, in accordance with the provisions of Law 834/1991 with subsequent amendments.

During the half year ended June 30, 2013 the Company paid dividends of thousand RON 1,060,115, based on shareholders' decision (dividend per share: thousand RON 0.0277).

Geological quota

As of June 30, 2013, the geological quota included in the Company's statutory financial statements amounts to thousand RON 3,277,534 (thousand RON 3,317,187 as of December 31, 2012). The Company benefits from the geological quota facility whereby it can charge up to 35% of the value of the gas sold and collected during the year. This facility was recognized in reserves for statutory purposes. Currently, this quota is restricted to investment purposes. It is recorded as an expense in the Company's statutory financial statements prepared in accordance with the Romanian Accounting Standards and is non-deductible for fiscal purposes since 2004.

Of the total amount of thousand RON 3,277,534 as of June 30, 2013, an amount of thousand RON 486,388 represents geological quota as of December 31, 2004. The Company has decided to maintain this as permanent reserves and not to be used anymore for investments. The geological quota and its use are subject to changes in legal requirements. The amount of thousand RON 486,388 is included in other reserves, the remaining balance being recorded in retained earnings.

Exploration expenses are recorded in the statutory financial statements as a reduction of the reserve related to the quota. For IFRS purposes, all transactions involving the geological quota were adjusted through profit or loss.

STATEMENT OF INDIVIDUAL INTERIM CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2013

In accordance with Ministry of Public Finance Order No. 881/2012, companies listed on a regulated stock market must prepare IFRS financial statements. Following Romgaz's listing in 2013, for the year ended December 31, 2013 the Company will prepare financial statements in accordance with IFRS, which will be then subject to statutory audit. Those financial statements will be the basis for profit appropriation decisions by the Company's shareholders. Ministry of Public Finance Order no. 1286/2012 regulates the transition to IFRS. Following IFRS related restatements to the Company's financial statements, the structure of these financial statements will change significantly. The retained earnings following the transition to IFRS are not fully realised, hence it will not be subject to full distribution to shareholders as dividends.

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

STATEMENT OF INDIVIDUAL INTERIM CASH FLOWS FOR THE HALF YEAR ENDED JUNE 30, 2013

	Half year ended June 30, 2013	Half year ended June 30, 2012
	'000 RON	'000 RON
Cash flows from operating activities		
Net profit for the year	**622,385**	**797,034**
Adjustments for:		
Income tax expense	103,231	156,579
Interest expense	-	236
Unwinding of decommissioning provision	15,230	26,614
Interest revenue	(59,003)	(78,517)
(Gain)/Loss on disposal of non-current assets	1,114	6,055
Change in decommissioning provision recognized in profit or loss, other than unwinding	(221)	(23,272)
Change in other provisions	7,231	(595)
Impairment of exploration assets	43,726	(90)
Exploration projects written-off	17,453	15,359
Impairment of property, plant and equipment	45,785	-
Depreciation and amortization	359,532	324,964
Losses from trade receivables and other assets	(5,263)	(4)
Receivables reactivated	(28,941)	-
	1,122,259	**1,224,363**
Movements in working capital:		
Decrease/(Increase) in inventory	55,055	(142,735)
Decrease/(Increase) in trade and other receivables	277,041	40,752
(Decrease)/Increase in trade and other liabilities	(106,228)	(305,410)
Cash generated from operations	**1,348,127**	**816,970**
Interest paid	-	(326)
Income taxes paid	(153,043)	(180,981)
Net cash generated by/(used in) operating activities	**1,195,084**	**635,663**
Cash flows from investing activities		
Acquisition of investments in associates	-	(530)
Decrease/(Increase) in other financial assets	451,641	500,069
Interest received	97,080	75,203
Proceeds from sale of non-current assets	1,788	1,710
Loans granted to associates	-	(4,256)
Acquisition of non-current assets	(268,213)	(90,842)
Acquisition of exploration assets	(127,847)	(94,125)
Net cash (used in)/generated by investing activities	**154,449**	**387,229**

The accompanying notes form an integrant part of these individual interim financial statements.

STATEMENT OF INDIVIDUAL INTERIM CASH FLOWS FOR THE HALF YEAR ENDED JUNE 30, 2013

	Period ended June 30, 2013	Period ended June 30, 2012
	'000 RON	'000 RON
Cash flows from financing activities		
Repayment of borrowings	-	(3,458)
Dividends paid	(1,060,115)	(938,038)
Net cash (used in)/generated by financing activities	**(1,060,115)**	**(941,496)**
Net increase/(decrease) in cash and cash equivalents	**289,418**	**81,396**
Cash and cash equivalents at the beginning of the period	**1,739,330**	**1,428,649**
Cash and cash equivalents at the end of the period	**2,028,748**	**1,510,045**

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

Virgil Metea
General Manager

Lucia Ionascu
Economic Director

The accompanying notes form an integrant part of these individual interim financial statements.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

1. BACKGROUND AND GENERAL BUSINESS

Information regarding Romgaz S.A., the "Company"

The Romanian gas sector was reorganized in accordance with Government Decision 575 published in the Official Gazette of June 27, 2001.

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

Romgaz S.A. 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. production and sale of electricity, following the takeover of Iernut power plant.

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 as adopted by the European Union (IFRS). 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 IASB, however, the differences have no impact on the Company's individual interim financial statements for the periods presented.

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

Basis of preparation

The individual interim financial statements have been prepared on a going concern basis under the historical cost convention adjusted for hyperinflation effects until December 31, 2003 for share capital. For items of property, plant and equipment, the Company selected the deemed cost method allowed for by IFRS 1. The deemed cost as of January 1, 2010 was determined based on a valuation report prepared by an independent appraiser. These interim financial statements are prepared based on the statutory accounting records prepared by the Company in accordance with Romanian accounting principles which have been adjusted for to comply with IFRS. The principal accounting policies are set out below.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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 realisable value in IAS 2 or value in use in IAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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.

Accounting is kept in Romanian and in the national currency. Items included in these individual interim financial statements are denominated in Romanian lei and have been prepared on a going concern basis.

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

These individual interim financial statements are prepared for general purposes, for users familiar with the International Financial Reporting Standards as adopted by EU; these are not special purpose financial statements, prepared for listing purposes or other specific purposes. 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.

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 ventures

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint venture arrangements directly, the Company's share of jointly controlled assets and liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations effective in the current period

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- **IFRS 13 "Fair Value Measurement"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);

- **Amendments to IFRS 1 "First-time Adoption of IFRS"** – Government Loans, adopted by the EU on March 4, 2013 (effective for annual periods beginning on or after January 1, 2013);

- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2013);

- **Amendments to IAS 1 "Presentation of financial statements"** – Presentation of Items of Other Comprehensive Income, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after July 1, 2012);

- **Amendments to IAS 12 "Income Taxes"** – Deferred Tax: Recovery of Underlying Assets, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);

- **Amendments to IAS 19 "Employee Benefits"** – Improvements to the Accounting for Post-employment Benefits, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after January 1, 2013);

- **Amendments to various standards "Improvements to IFRSs (2012)"** resulting from the annual improvement project of IFRS published on May 17, 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on March 27, 2013 (amendments are to be applied for annual periods beginning on or after January 1, 2013);

- **IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013).

The adoption of these amendments 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 authorisation of these individual interim financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- **IFRS 10 "Consolidated Financial Statements"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

- **IFRS 11 "Joint Arrangements"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

- **IFRS 12 "Disclosures of Interests in Other Entities"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- **IAS 27 (revised in 2011) "Separate Financial Statements"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

- **IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures"**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities"** – Transition Guidance, adopted by the EU on April 4, 2013 (effective for annual periods beginning on or after January 1, 2014);

- **Amendments to IAS 32 "Financial instruments: presentation"** – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2014);

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at June 30, 2013:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after January 1, 2015);

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"** – Mandatory Effective Date and Transition Disclosures;

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 "Separate Financial Statements"** – Investment Entities (effective for annual periods beginning on or after January 1, 2014);

- **Amendments to IAS 36 "Impairment of assets"** - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 1, 2014);

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting** (effective for annual periods beginning on or after January 1, 2014);

- **IFRIC 21 "Levies"** (effective for annual periods beginning on or after January 1, 2014).

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 service contract, the percentage being determined by the fraction between the performed services until the balance sheet date and the total services to be performed.

Revenue recognition (continued)

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 payment is established.

Foreign currencies

The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. The Company operates in Romania and it has the Romanian Leu (RON) as its functional currency.

In preparing these individual interim financial statements of the Company, transactions in currencies other than functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

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

Exchange differences are recognized in profit or loss in the period in which they arise.

Employee benefits

(1) 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 for the Company, 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).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

(2) Employee participation to profit

In the half year ended June 30, 2013 the Company paid its employees the liability it recorded as of December 31, 2012 in connection with the fund for employee participation to profit in compliance with legislation in force. The liability for the year ended December 31, 2013 will be updated by year end.

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 interest related to a maximum degree of security investments (government securities).

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 related to Changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

a. subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.

b. the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in profit or loss.

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 entity shall test 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 recognised in the income statement in the year when they occur.

The periodical unwinding of the discount is recognised annually in profit or loss as a finance cost as it occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 income statement 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 balance sheet date.

Deferred tax

Deferred tax is recognized on 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 are 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 subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 service and unsuccessful development or delineation wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the accounting policy for property, plant and equipment.

(iii) Maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

(2) Depreciation

For indirectly productive tangible assets, depreciation is computed using the straight–line method over the estimated useful life of the assets, as follows:

Asset	**Years**
Specific buildings and constructions	10 - 50
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 - 30

Land is not depreciated as it is considered to have an indefinite useful life.

For directly productive tangible assets (assets related to natural gas extraction), the Company applies the depreciation method based on the unit of production in order to reflect in the profit or loss an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

For directly productive tangible assets involved in electricity production, the Company applies the straight line depreciation method over the useful life of the asset.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year's result.

Intangible assets

(1) Cost

Natural gas exploration, appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

(i) Exploration and appraisal expenditure

Costs directly associated with an exploration well are initially capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig 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 intangible 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.

(ii) Other intangible assets

Licenses for software, patents and other intangible assets are recognized at acquisition cost. Exploitation and storage licenses issued by the National Authority for Energy Regulation ("ANRE") and concessions for natural gas fields from the National Agency for Mineral Resources ("ANRM") are recognized at cost from the moment they are obtained by the Company.

Intangible assets are not revalued.

(iii) Amortization

- *Development expenses*

Capitalized development expenses are amortized on a straight-line basis starting with the date when production is launched for the period the asset is expected to generate economic benefits.

- *Other intangible assets*

Patents, trademarks and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years. Exploitation, respectively storage licenses, are amortized over the period for which they were issued.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined using the specific identification method. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities

The Company's financial assets include cash and cash equivalents, trade receivables, other receivables, loans and other investments. Financial liabilities include interest-bearing bank loans and overdrafts and trade and other payables, accruals. For each item the accounting policies on recognition and measurement are disclosed in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

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

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

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

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

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as 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.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or held-to-maturity investments.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

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 balance sheet 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.

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.

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 balance sheet 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

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 revenue recognition

As of June 30, 2013 the Company recorded an estimate on invoices to be issued of thousand RON 9,089 (as of December 31, 2012: thousand RON 388,109) related to goods delivered in the financial year for which no invoice was yet issued. In making its judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed analysis, the management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

Estimates related to Iernut takeover – settlement of receivable from S.C. Electrocentrale Bucuresti S.A.

One of the largest customer balance (S.C. Electrocentrale Bucuresti S.A.) in amount of thousand RON 653,000 was assumed to be recoverable due to an in-kind settlement agreement whereby S.C. Electrocentrale Bucuresti S.A. was to transfer one of its power units (CET Iernut) to S.N.G.N. Romgaz S.A. In January, 2013 the Company took over Iernut power unit from S.C. Electrocentrale Bucuresti S.A. The transaction was considered to be a transaction between owners, not a business acquisition, as both the Company and S.C. Electrocentrale Bucuresti S.A. have the Ministry of Economy as major shareholder. The Company recorded the items of property, plant and equipment taken over from S.C. Electrocentrale Bucuresti at thousand RON 40,467. Based on a fair value analysis as of June 30, 2013, the Company fully impaired the related items of property, plant and equipment. As the related receivable balance was fully provided as of December 31, 2012, the settlement of the receivable during the period did not generate any loss in the individual interim financial statements.

The Company recorded allowances for other bad debts related to receivables from various customers due to existing litigating cases related to these receivables. The estimated recoverability of the related receivables is nil.

The rest of the allowance for bad debt recorded relates to the effect of loss of value as a result of exceeding the maturity by more than 1 year. The estimate was performed based on prior history.

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, capitalised 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 on an annual basis starting 2011 (in the previous years, the gas reserves were updated every five years) based on internal assessment approved by the National Authority for Mineral Resources.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Estimates related to the decommissioning provision

Liabilities for decommissioning costs are recognized when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

Estimates related to the retirement benefit obligation

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplicator of the gross salary, depending on the seniority within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

Estimates regarding the environment provision

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

Fair value measurements and valuation processes

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

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Information

For each item of the statement of financial position, the statement of comprehensive income, and, where is the case, for the statement of changes in equity and for the statement of cash flows comparative information is presented as follows:

- Individual statement of financial position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year;
- Individual statements of profit or loss and other comprehensive income for the current interim period, with comparative statements of profit or loss and other comprehensive income for the comparable interim period of the immediately preceding financial year;
- Individual statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year;
- Individual statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.

3. REVENUE AND OTHER INCOME

	Half year ended Jun 30, 2013	**Half year ended Jun 30, 2012**
	'000 RON	**'000 RON**
Revenue from gas sold - internal production	1,381,098	1,360,054
Revenue from gas acquired for resale	323,714	686,892
Revenue from sale of goods	60	196
Revenue from services	192,835	141,776
Other operating revenues	29,717	102,956
Total	**1,927,424**	**2,291,914**

The Company's sales are cyclical, sales being highest in the cold months and lowest in the summer period.

4. INVESTMENT INCOME

	Half year ended Jun 30, 2013	**Half year ended Jun 30, 2012**
	'000 RON	**'000 RON**
Interest revenue	59,003	78,517
Total	**59,003**	**78,517**

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

	Half year ended Jun 30, 2013 '000 RON	Half year ended Jun 30, 2012 '000 RON
Consumables used	55,468	60,031
Cost of gas sold	302,048	591,965
Other consumables	1,508	1,351
Total	**359,024**	**653,347**

6. OTHER GAINS AND LOSSES

	Half year ended Jun 30, 2013 '000 RON	Half year ended Jun 30, 2012 '000 RON
Forex gain	4,364	5,162
Forex loss	(5,036)	(14,006)
Gain/(Loss) on disposal of property, plant and equipment	(1,114)	(6,055)
Allowances and write offs, net	5,263	4
Reactivated receivables	28,941	-
Total	**32,418**	**(14,895)**

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

	Half year ended Jun 30, 2013 '000 RON	Half year ended Jun 30, 2012 '000 RON
Depreciation and amortization		
Depreciation	359,532	324,964
Out of which:		
Depreciation of property plant and equipment	349,445	315,190
Amortization of intangible assets	10,087	9,774
Impairment of fixed assets	89,511	(90)
Total depreciation, amortization and impairment	**449,043**	**324,874**

8. EMPLOYEE BENEFITS AND SOCIAL CHARGES

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
Wages and salaries	180,859	166,662
Social security charges	57,598	52,724
Meal tickets	6,150	5,709
Total	**244,607**	**225,095**

9. FINANCE COSTS

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
Interest expense	-	236
Unwinding of the decommissioning provision	15,230	26,614
Total	**15,230**	**26,850**

10. OTHER EXPENSES

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
Electricity	58,605	40,565
Protocol and advertising	66	183
Logistic expenses	1,531	9,241
Taxes and duties	170,219	130,143
Bank commissions and similar charges	1,186	129
Insurance expenses	1,101	1,560
Compensations, fines and penalties	613	30
Provision expenses	7,010	(23,867)
Other operating expenses	596	10,843
Total	**240,927**	**168,827**

11. INCOME TAXES

Income tax	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
Current period tax expense	147,873	166,961
Deferred income tax expense/(revenue)	(44,642)	(10,382)
Income tax expense	**103,231**	**156,579**

The tax rate used for the 2013 and 2012 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:

Deferred tax reconciliation	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
Accounting profit before tax	**725,616**	**953,613**
Income tax expense calculated at 16%	116,099	152,578
Effect of income exempt of taxation	(6,668)	(8,586)
Effect of expenses that are not deductible in determining taxable profit	38,441	22,969
Effect of temporary differences	(44,642)	(10,382)
Income tax	**103,230**	**156,579**

Components of deferred tax asset/ liability

	Jun 30, 2013		Dec 31, 2012	
Components of deferred tax	**Cumulative temporary differences**	**Deffered tax (asset)/liability**	**Cumulative temporary differences**	**Deffered tax (asset)/liability**
Provisions	(275,469)	(44,075)	(261,640)	(41,862)
Other liabilities	(6)	(1)	-	-
Property, plant and equipment	1,598,539	255,766	1,873,110	299,697
Other assets	9,396	1,503	-	-
Total	**1,332,460**	**213,193**	**1,611,470**	**257,835**
Charged to income		**(44,642)**		**(8,324)**

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
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Cost									
As of Jan 1, 2013	**91,944**	**355,401**	**4,430,294**	**846,976**	**153,606**	**1,504,106**	**536,983**	**199,286**	**8,118,596**
Additions, of which:	3,891	18,447	42,879	49,863	232	36	105,326	181,987	402,661
- transfers	401	4,030	39,241	26,047	101	36	-	-	69,856
- decommissioning	-	-	3,444	-	-	-	-	-	3,444
Disposals, of which:	-	(76)	(1,169)	(2,404)	(928)	(39)	(10,714)	(59,056)	(74,386)
- transfers	-	-	-	-	-	-	(10,714)	(59,019)	(69,733)
- decommissioning	-	-	(791)	-	-	-	-	-	(791)
As of Jun 30, 2013	**95,835**	**373,772**	**4,472,004**	**894,435**	**152,910**	**1,504,103**	**631,595**	**322,217**	**8,446,871**
Accumulated depreciation									
As of Jan 1, 2013	**-**	**40,616**	**1,319,516**	**312,239**	**70,407**	**216,198**	**-**	**-**	**1,958,976**
Charge for the period	-	6,930	239,776	51,260	10,695	40,784	-	-	349,445
Depreciation charged to JV	-	-	1,844	-	-	-	-	-	1,844
Disposals	-	(16)	(311)	(1,164)	(269)	(19)	-	-	(1,779)
As of Jun 30, 2013	**-**	**47,530**	**1,560,825**	**362,335**	**80,833**	**256,963**	**-**	**-**	**2,308,486**

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
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Impairment									
As of Jan 1, 2013	**-**	**-**	**43,726**	**-**	**-**	**-**	**207,379**	**27,745**	**278,850**
Charge for the period	-	14,417	-	22,763	125	-	33,810	8,480	79,595
As of Jun 30, 2013	**-**	**14,417**	**43,726**	**22,763**	**125**	**-**	**241,189**	**36,225**	**358,445**
Carrying value as of Jan 1, 2013	**91,944**	**314,785**	**3,067,052**	**534,737**	**83,199**	**1,287,908**	**329,604**	**171,541**	**5,880,770**
Carrying value as of Jun 30, 2013	**95,835**	**311,825**	**2,867,453**	**509,337**	**71,952**	**1,247,140**	**390,406**	**285,992**	**5,779,940**

In January, 2013 the Company took over a power plant (CET Iernut) in exchange of receivables of thousand RON 653,000 it had against one of its clients, S.C. Electrocentrale Bucuresti S.A., which was fully impaired as of December 31, 2012

The Company started the negotiation regarding the transfer in 2010. Since the takeover in January, 2013 modernizations were performed on the plant, having a total value of thousand RON thousand RON 43,129, being carried at cost.

Currently, the Company is running a feasibility study based on which it will decide the future actions related to the plant. Based on the takeover agreement, the Company commits to take all necessary actions to continue the production of electricity and the operation of CET Iernut, and that it does not plan to immediately liquidate the plant and sell the inventory.

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 Jan 1, 2012	**89,021**	**360,665**	**4,266,532**	**791,656**	**153,141**	**1,370,645**	**650,503**	**211,008**	**7,893,171**
Additions, of which:	963	3,296	62,884	36,073	214	89,211	33,623	95,332	321,596
- transfers	963	2,212	58,200	36,042	156	88,574	-	12,464	198,611
- decommissioning	-	-	4,671	-	-	-	-	-	4,671
Disposals, of which:	-	(13,398)	(118,055)	(869)	(209)	(5,410)	(8,109)	(178,002)	(324,052)
- transfers	-	(12,465)	-	-	-	-	(8,109)	(178,002)	(198,576)
- decommissioning	-	-	(116,523)	-	-	-	-	-	(116,523)
As of Jun 30, 2012	**89,984**	**350,563**	**4,211,361**	**826,860**	**153,146**	**1,454,446**	**676,017**	**128,338**	**7,890,715**
Accumulated depreciation									
As of Jan 1, 2012	**-**	**26,739**	**921,082**	**204,463**	**46,755**	**137,319**	**-**	**-**	**1,336,358**
Charge for the period	-	7,101	199,931	55,908	11,792	40,458	-	-	315,190
Depreciation charged to JV	-	-	3,152	-	-	-	-	-	3,152
Disposals	-	(59)	(148)	(471)	(127)	(2,055)	-	-	(2,860)
As of Jun 30, 2012	**-**	**33,781**	**1,124,017**	**259,900**	**58,420**	**175,722**	**-**	**-**	**1,651,840**

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
Impairment									
As of Jan 1, 2012	-	12,465	-	-	-	-	166,343	13,536	192,344
As of Jun 30, 2012	-	12,465	-	-	-	-	166,343	13,536	192,344
Carrying value as of Jan 1, 2012	89,021	321,461	3,345,450	587,193	106,386	1,233,326	484,160	197,472	6,364,469
Carrying value as of Jun 30, 2012	89,984	304,317	3,087,344	566,960	94,726	1,278,724	509,674	114,802	6,046,531

13. EXPLORATION FOR AND EVALUATION OF NATURAL GAS RESOURCES

The following financial information represents the amounts included within S.N.G.N. Romgaz S.A. totals relating to activity associated with the exploration for and evaluation of oil and natural gas resources. All such activity is recorded within the upstream segment.

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Exploration expenditure written off	17,453	193,304
Net movement in exploration assets' impairment	43,726	(81,696)
Exploration assets	621,456	532,863
Liabilities	(58,238)	(27,245)
Net assets	563,218	505,618
Capital expenditure	161,657	227,709
Net cash used in investing activities	(127,847)	(214,439)

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 Jan 1, 2013	**4,146**	**144,975**	**224,280**	**-**	**373,401**
Additions, of which:	-	4,966	56,331	9,056	70,353
- transfers	-	4,408	-	-	4,408
Disposals, of which:	-	(181)	(18,624)	(3,425)	(22,230)
- transfers	-	-	(1,171)	(3,360)	(4,531)
- exploration expenditure written-off	-	-	(17,453)	-	(17,453)
As of Jun 30, 2013	**4,146**	**149,760**	**261,987**	**5,631**	**421,524**
Accumulated amortization					
As of Jan 1, 2013	**3,952**	**117,724**	**-**	**-**	**121,676**
Charge for the period	95	9,992	-	-	10,087
Disposals	-	(181)	-	-	(181)
As of Jun 30, 2013	**4,047**	**127,535**	**-**	**-**	**131,582**
Impairment					
As of Jan 1, 2013	**-**	**-**	**21,021**	**-**	**21,021**
Charge for the period	-	-	9,916	-	9,916
As of Jun 30, 2013	**-**	**-**	**30,937**	**-**	**30,937**
Carrying value as of Jan 1, 2013	**194**	**27,251**	**203,259**	**-**	**230,704**
Carrying value as of Jun 30, 2013	**99**	**22,225**	**231,050**	**5,631**	**259,005**

14. OTHER INTANGIBLE ASSETS (continued)

	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 Jan 1, 2012	**3,910**	**142,394**	**225,701**	**445**	**372,450**
Additions, of which:	55	4,307	60,503	4,957	69,822
- transfers	55	3,109	-	-	3,164
Disposals, of which:	-	(9,674)	(16,590)	(1,969)	(28,233)
- transfers	-	-	(1,230)	(1,969)	(3,199)
- exploration expenditure written-off	-	-	(15,359)	-	(15,359)
As of Jun 30, 2012	**3,965**	**137,027**	**269,614**	**3,433**	**414,039**
Accumulated amortization					
As of Jan 1, 2012	**3,815**	**107,378**	**-**	**-**	**111,193**
Charge for the period	109	9,665	-	-	9,774
Disposals	-	(8,002)	-	-	(8,002)
As of Jun 30, 2012	**3,924**	**109,041**	**-**	**-**	**112,965**
Impairment					
As of Jan 1, 2012	**-**	**-**	**143,753**	**-**	**143,753**
Release during the period	-	-	(90)	-	(90)
As of Jun 30, 2012	**-**	**-**	**143,663**	**-**	**143,663**
Carrying value as of Jan 1, 2012	**95**	**35,016**	**81,948**	**445**	**117,504**
Carrying value as of Jun 30, 2012	**41**	**27,986**	**125,951**	**3,433**	**157,411**

15. INVENTORIES

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Spare parts and materials	129,827	121,399
Work in progress	444	258
Finished goods	230,053	211,024
Residual products	67	64
Inventories at third parties	29,260	35,231
Commodities (gas from import)	72,197	148,928
Packaging	5	4
Impairment for slow moving inventory	(9,059)	(9,059)
Total	**452,794**	**507,849**

16. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Trade receivables - short term	808,711	1,286,212
Bad debt allowances - short term (Note 16 c)	(187,850)	(767,515)
Trade receivables - long term	13,320	104,078
Bad debt allowances - long term (Note 16 c)	(13,320)	(51,432)
Accrued receivables	9,089	388,109
Total trade receivables	**629,950**	**959,452**

b) Other assets

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Advance paid to suppliers	31,611	32,185
Joint venture receivables	18,037	7,125
Loans to associates	16,124	16,466
Interest on loan to associates	628	460
Other receivables	66,729	89,344
Prepayments	7,722	1,934
VAT not yet due	257	1,865
Bad debt allowances for other receivables (Note 16 c)	(19)	(19)
Total other assets	**141,089**	**149,360**

16. ACCOUNTS RECEIVABLE (continued)

c) Changes in the allowance for doubtful debts

	Half year ended Jun 30, 2013	Year ended Dec 31, 2012
	'000 RON	'000 RON
At 1 January	**818,966**	**684,259**
Charge during the period	35,231	134,724
Releases during the period (Note 12)	(653,008)	(17)
At period end	**201,189**	**818,966**

As of June 30, 2013, the Company recorded allowances for bad debts related to receivables from GHCL Upsom of thousand RON 60,842 (December 31, 2012: thousand RON 60,842), Interagro of thousand RON 49,463 (December 31, 2012: thousand RON 48,188), CET Iasi of thousand RON 46,271 (December 31, 2012: thousand RON 46,271) and Electrocentrale Galati of thousand RON 35,231 due to existing financial conditions of these customers as well as ongoing litigating cases related to these receivables.

The rest of the allowance for bad debt recorded as of June 30, 2013, relates to the effect of loss of value as a result of the exceeding of the maturity by more than 1 year.

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Current and not impaired	378,988	282,597
Overdue receivables but not impaired		
Less than 30 days overdue	14,087	11,971
30 to 90 days overdue	37,874	1,350
90 to 360 days overdue	11,633	63,274
Over 360 days overdue	178,279	212,151
Total past due but not impaired	**241,873**	**288,746**

17. SHARE CAPITAL

	Share capital Jun 30, 2013
	‘000 RON
38,542,240 fully paid ordinary shares – nominal value	385,422
Hyperinflation adjustment	1,507,259
Total	**1,892,681**

	Share capital Dec 31, 2012
	‘000 RON
38,303,828 fully paid ordinary shares – nominal value	383,038
Hyperinflation adjustment	1,507,259
Total	**1,890,297**

The shareholding structure as at June 30, 2013 is as follows:

	Number of shares	Amount	Percentage (%)
		'000 RON	
Romanian State through the Ministry of Economy and Commerce (“MEC”)	32,763,644	327,636	85,01
„Proprietatea” Fund	5,778,596	57,786	14,99
Total	**38,542,240**	**385,422**	**100,00**

The shareholding structure as at December 31, 2012 was as follows:

	Number of shares	Amount	Percentage (%)
		'000 RON	
Romanian State through the Ministry of Economy, Commerce and Business Environment (“M.E.C.M.A.”)	32,560,984	325,610	85,01
„Proprietatea” Fund	5,742,854	57,428	14,99
Total	**38,303,838**	**383,038**	**100,00**

All shares are ordinary and were subscribed and fully paid as at June 30, 2013. All shares carry equal voting rights and have a nominal value of RON 10/share.

„Proprietatea” Fund

Based on Law 247- 2005 title VII art. 6 and art. 12 of Government Decision no.1481/ 2005, S.C “Fondul Proprietatea” S.A was incorporated, its initial share capital being created from assets stated under art.3 par. (1) let. a) – e) of title VII of Law 247/ 2005.

According to legal provisions in force, M.E.C participated in 2005 to the creation of the initial capital of Fondul Proprietatea with shares in several trading companies in its portfolio. According to provisions 1.2 of Annex to Title VII of Law no.247/ 2005, M.E.C contributed to the creation of capital of S.C. Fondul Proprietatea S.A. with shares representing 15% of Romgaz share capital as at that date.

18. RESERVES

Description and nature of the Company's reserves is as follows:

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Legal reserves	76,607	76,607
Other reserves	1,872,622	1,697,044
Total reserves	**1,949,229**	**1,773,651**

The legal reserves are made annually according to local requirements from the statutory profit of the Company, as per the quotas and within the limits set by the law (up to 20% of the issued capital). The legal reserves can be used only under the conditions stated by the law.

Other reserves represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g) for the Company's development fund.

19. PROVISIONS

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Decommissioning provision - long term portion	180,264	164,515
Decommissioning provision - short term portion	12,915	11,001
Retirement benefit obligation	71,453	63,785
Other provisions	17,296	17,734
Total	**281,928**	**257,035**

Decommissioning provision

Decommissioning provisions were set up using best estimates considering the applicable legislation. In determining those provisions management of the Company considered existing and future technologies that were expected to be used in the period when it is expected that the costs will be incurred.

The amount of the provision as at June 30, 2013 is explained in the below table:

Decommissioning provision

Movement	Half year ended Jun 30, 2013	Year ended Dec 31, 2012
	'000 RON	'000 RON
At Jan 1	**175,516**	**266,002**
Additional provision recorded against non-current assets	3,444	12,970
Unwinding effect	15,230	23,671
Recorded in profit or loss	(221)	(27,414)
Release against non-current assets	(790)	(99,713)
At June 30 / Dec 31	**193,179**	**175,516**

19. PROVISIONS (continued)

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 real discount rate of 11%. The average period over which these costs are generally expected to be incurred is estimated to be approximately 17 years. While the provision is based on the best estimate of future costs and the economic lives of the wells, there is uncertainty regarding both the amount and timing of these costs.

Retirement benefit obligation

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

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplicator of the gross salary, depending on their seniority within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

The management of the Company considers the change in liability as of June 30, 2013 is not significant compared to December 31, 2012. The provision will be updated based on actuarial computation at year end. The change in the value of the provision of thousand RON 7,668 as at June 30, 2013 relates to the takeover of CET Iernut during the period.

Other provisions

As of June 30, 2013, the Company recorded a provision for environment restoration of thousand RON 17,296 (December 31, 2012: thousand RON 17,734). The provision was recorded for the restoration of land and for the redemption of the land to the agricultural use, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state.

20. TRADE AND OTHER CURRENT LIABILITIES

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Accruals	64,837	36,379
Payables related to employees	20,808	42,138
Trade payables	26,282	19,277
Payables to fixed assets suppliers	81,935	58,909
Gas royalty	57,209	55,476
Social security taxes	13,284	13,254
Other current liabilities	11,711	17,029
Joint venture payables	691	2,594
Advances from customers	20,488	178,121
VAT	27,652	50,611
Other taxes payable	13,115	3,498
Total	**338,012**	**477,286**

21. FINANCIAL INSTRUMENTS

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk interest rate risk), credit risk, liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance within certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The Company does not use derivative financial instruments to hedge certain risk exposures.

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

(a) Market risk

(i) *Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company imports gas from European countries, has foreign currency denominated trade payables.

Due to the high costs associated, the Company's policy is not to use derivative financial instruments to reduce this risk.

The official exchange rates as at June 30, 2013 were RON 3.4151 to USD 1 and RON 4.4588 to EUR 1 (December 31, 2012: RON 3.3575 to USD 1 and RON 4.4287 to EUR 1; June 30, 2012: RON 3.5360 to USD 1 and RON 4.4494 to EUR 1).

21. FINANCIAL INSTRUMENTS (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) *Inflation risk*

The official inflation rate in Romania, during the year ended December 31 2012 was under 10% as provided by the National Commission for Statistics of Romania. The cumulative inflation rate for the last 3 years was under 100%. This factor, among others, led to the conclusion that Romania is not a hyperinflationary economy starting with January 1, 2004.

(iii) *Interest rate risk*

The Company was exposed in the past to interest rate risk due to loans from the International Bank for Reconstruction and Development. In 2012 the Company had repaid all its loans.

As of June 30, 2013, the Company had granted variable interest bearing loans of thousand RON 16,123 (December 31, 2012: thousand RON 16,466).

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, deposits with banks, 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 impairment provision, 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 75% of trade receivable balance at June 30, 2013. 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 minimise 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 are 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 June 30, 2013 the Company did not identify any indication of impairment of other financial investments.

21. FINANCIAL INSTRUMENTS (continued)

Jun 30, 2013	EUR 1 EUR = 4.4588	GBP 1 GBP = 5.2077	USD 1 USD = 3.4151	RON 1 RON	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Financial assets					
Available for sale financial assets	-	-	-	77,641	77,641
Cash at bank and cash equivalents	810	5	30	2,027,892	2,028,737
Held-to-maturity investments	-	-	-	424,497	424,497
Interest on investments	-	-	-	4,143	4,143
Trade and other receivables	-	-	-	714,292	714,292
Loans granted	16,752	-	-	-	16,752
Total financial assets	**17,562**	**5**	**30**	**3,248,465**	**3,266,062**
Financial liabilities					
Trade and other payables	(2,553)	(232)	(62,116)	(251,343)	(316,244)
Total financial liabilities	**(2,553)**	**(232)**	**(62,116)**	**(251,343)**	**(316,244)**
Net	**15,009**	**(227)**	**(62,086)**	**2,997,122**	**2,949,818**

Dec 31, 2012	EUR 1 EUR = 4.4287	GBP 1 GBP = 5.4297	USD 1 USD = 3.3575	RON 1 RON	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Financial assets					
Available for sale financial assets	-	-	-	1,646	1,646
Cash at bank and cash equivalents	24,071	14	366	1,714,879	1,739,330
Held-to-maturity investments	-	-	-	890,834	890,834
Interest on investments	-	-	-	37,401	37,401
Trade and other receivables	-	-	-	1,094,712	1,094,712
Loans granted	16,926	-	-	-	16,926
Total financial assets	**40,997**	**14**	**366**	**3,739,472**	**3,780,849**
Financial liabilities					
Trade and other payables	(39)	-	(27,985)	(267,661)	(295,685)
Total financial liabilities	**(39)**	**-**	**(27,985)**	**(267,661)**	**(295,685)**
Net	**40,958**	**14**	**(27,619)**	**3,471,811**	**3,485,164**

21. FINANCIAL INSTRUMENTS (continued)

The Company is mainly exposed in respect of the exchange rate of the EUR and USD vs. RON. The following table details the Company's sensitivity to a 5% increase/decrease in EUR and USD against RON. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Weakening of RON		
Profit/(loss)	(2,365)	668

Liquidity and interest risk

As of June 30, 2013, the Company's exposure to interest risk is limited, due to the fact that it has no borrowings and financial assets bear a fixed interest rate, except for the loans granted by the Company. However, these loans do not pose significant interest risk.

Maturity analysis for non-derivative financial assets and financial liabilities

Jun 30, 2013	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
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Trade receivables	519,575	26,641	83,734	-	-	629,950
Treasury bills	-	-	424,497	-	-	424,497
Total	**519,575**	**26,641**	**508,231**	**-**	**-**	**1,054,447**
Trade payables	(193,542)	-	-	-	-	(193,542)
Total	**(193,542)**	**-**	**-**	**-**	**-**	**(193,542)**
Net	**326,033**	**26,641**	**508,231**	**-**	**-**	**860,905**

21. FINANCIAL INSTRUMENTS (continued)

Dec 31, 2012	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
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Trade receivables	778,038	16,207	112,561	52,646	-	959,452
Treasury bills	-	-	890,834	-	-	890,834
Total	**778,038**	**16,207**	**1,003,395**	**52,646**	**-**	**1,850,286**
Trade payables	(292,685)	-	-	-	-	(292,685)
Total	**(292,685)**	**-**	**-**	**-**	**-**	**(292,685)**
Net	**485,353**	**16,207**	**1,003,395**	**52,646**	**-**	**1,557,601**

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

22. RELATED PARTY TRANSACTIONS

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

(i) Sales of goods and services

	Half year ended as at Jun 30, 2013	Half year ended as at Jun 30, 2012
	'000 RON	**'000 RON**
Romgaz SA's associates	4,544	9,501
Total	**4,544**	**9,501**

(ii) Purchases of goods and services

	Half year ended as at Jun 30, 2013	Half year ended as at Jun 30, 2012
	'000 RON	**'000 RON**
Romgaz SA's associates	-	-
Total	**-**	**-**

(iii) Balances arising from the sale/purchase of goods/services

	Jun 30, 2013	Dec 31, 2012
	'000 RON	**'000 RON**
Receivables from related parties		
Romgaz SA's associates	4,544	-
Total	**4,544**	**-**

23. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE BODIES, MANAGEMENT AND SUPERVISORY

The remuneration of directors and managers

The Company has no contractual obligations on pensions to former executives and directors of the Company.

During the year, no loans and advances were granted to directors and managers of the Company, except for work related travel advances, and they do not owe any amounts to the Company from such advances.

	Half year ended as at Jun 30, 2013	Half year ended as at Jun 30, 2012
	'000 RON	'000 RON
Salaries paid to directors	4,435	4,830

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Salaries payable to directors	354	465

24. ASSOCIATES

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)	
			Jun 30, 2013	Dec 31, 2012
SC Amgaz SA Medias	gas production	Romania	35	35
SC Depomures SA Tg.Mures	storage of natural gas	Romania	40	40
Energia Torzym Polonia	gas production	Poland	30	30
Cybinka Polonia	gas production	Poland	30	30
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Investments in associates	12,409	12,409
Impairment (Amgaz, Energia Torzym, Cybinka)	(4,795)	(4,795)
Total	**7,614**	**7,614**

Due to insignificant size of these companies, the Company did not include in these individual interim financial statements as of June 30, 2013 its share of the results obtained by the associates in the six-month period ended June 30, 2013.

25. OTHER FINANCIAL ASSETS

Other Financial Investments

Company	Activity	Percentage held	Value as of Jun 30, 2013	Impairment as of Jun 30, 2013	Carrying value as of Jun 30, 2013
			'000 RON	'000 RON	'000 RON
Electrocentrale Bucuresti SA	electricity and thermal power producer	2.35%	66,287	-	66,287
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.12%	840	-	840
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Vanco Int Ltd		10%	2,076	-	2,076
Lukoil Oil Company		10%	8,378	-	8,378
Total			**94,791**	**17,150**	**77,641**

On November 21, 2012 the Company and S.C. Termoelectrica S.A. signed an agreement by which receivable outstanding from S.C. Termoelectrica S.A. would be settled by transfer of shares in S.C. Electrocentrale Bucuresti S.A. The agreement was enforced on January 24, 2013. At transfer, the shares in S.C. Electrocentrale Bucuresti S.A. were recorded at a cost of thousand RON 66,287, as measured by an independent appraiser.

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 June 30, 2013 the Company did not identify any indication of impairment of other financial investments.

25. OTHER FINANCIAL ASSETS (continued)

Other Financial Investments

Company	Activity	Percentage held	Value as of Dec 31, 2012	Impairment as of Dec 31, 2012	Carrying value as of Dec 31, 2012
			'000 RON	'000 RON	'000 RON
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.12%	840	-	840
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Vanco Int Ltd		10%	149	-	149
Lukoil Oil Company		10%	597	-	597
Total			**18,796**	**17,150**	**1,646**

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 headquarters. 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 gas trade; these activities are performed by Medias, Mures and Bratislava branches.

- storage activities, performed by the Ploiesti branch;

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

b) Segment assets and liabilities

Jun 30, 2013	Upstream '000 RON	Storage '000 RON	Other '000 RON
Property plant and equipment	3,927,766	1,456,961	395,213
Other intangible assets	235,496	707	22,802
Trade and other receivables	598,807	30,063	1,080
Other non-current assets	-	-	16,752
Inventories	350,606	78,040	24,148
Other financial assets	-	-	513,895
Other assets	39,634	10,955	73,748
Cash and cash equivalents	171,772	58,667	1,798,309
Total assets	**5,324,081**	**1,635,393**	**2,845,947**
Retirement benefit obligation	-	-	71,453
Deferred tax liabilities	-	-	213,193
Provisions	47,196	-	163,279
Other liabilities	22,426	1,504	183,413
Trade and other payables	99,627	6,195	87,720
Total liabilities	**169,249**	**7,699**	**719,058**

26. SEGMENT INFORMATION (continued)

Dec 31, 2012	Upstream '000 RON	Storage '000 RON	Other '000 RON
Property plant and equipment	4,005,412	1,368,467	506,891
Other intangible assets	210,276	885	19,543
Trade and other receivables	934,017	24,429	1,006
Other non-current assets	-	-	16,926
Inventories	410,297	80,971	16,581
Other financial assets	432	504	936,559
Other assets	28,526	17,410	86,498
Cash and cash equivalents	229,941	47,208	1,462,181
Total assets	**5,818,901**	**1,539,874**	**3,046,185**
Retirement benefit obligation	-	-	63,785
Deferred tax liabilities	-	-	257,835
Provisions	193,250	-	-
Other liabilities	28,610	1,562	222,473
Trade and other payables	245,645	4,909	42,131
Total liabilities	**467,505**	**6,471**	**586,224**

26. SEGMENT INFORMATION (continued)

c) Segment revenues, results and other segment information

Half year ended Jun 30, 2013	**Upstream '000 RON**	**Storage '000 RON**	**Other '000 RON**	**Consolidation adjustment and eliminations '000 RON**	**Total '000 RON**
Sales and other operating revenues	1,723,905	149,340	193,551	(165,657)	1,901,139
Less: sales and other operating revenues between businesses	(11,781)	-	(153,876)	165,657	-
Third party sales and other operating revenues	1,712,124	149,340	39,675	-	1,901,139
Interest income	**4,220**	**685**	**54,098**	**-**	**59,003**
Interest expense	**(15,230)**	**-**	**-**	**-**	**(15,230)**
Depreciation and amortisation	(326,199)	(45,043)	(77,801)	-	(449,043)
Segment profit/(loss) before tax	667,563	31,211	26,842	-	725,616

Half year ended Jun 30, 2012	**Upstream '000 RON**	**Storage '000 RON**	**Other '000 RON**	**Consolidation adjustment and eliminations '000 RON**	**Total '000 RON**
Sales and other operating revenues	2,060,694	132,248	167,268	(168,017)	2,192,193
Less: sales and other operating revenues between businesses	(2,283)	-	(165,734)	168,017	-
Third party sales and other operating revenues	2,058,411	132,248	1,534	-	2,192,193
Interest income	**3,527**	**1,327**	**73,663**	**-**	**78,517**
Interest expense	**(26,652)**	**(198)**	**-**	**-**	**(26,850)**
Depreciation and amortisation	(233,391)	(44,040)	(47,443)	-	(324,874)
Segment profit/(loss) before tax	882,346	14,039	57,228	-	953,613

26. SEGMENT INFORMATION (continued)

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

The Company's main clients are identified in the table below. All sales are revenue recorded in the upstream segment.

Client	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
E.ON GAZ ROMANIA SA TG.MURES	487,301	593,069
SC GDF SUEZ SA	361,760	374,702
AZOMURES	225,812	161,416
ELECTROCENTRALE BUCURESTI	174,863	165,984
SC CONEF SRL	130,427	125,631
ARELCO BUCURESTI	48,038	116,701
ELECTROCENTRALE GALATI	73,942	117,665
TEN GAZ (former AMGAZ)	29,215	65,589
TRANSGAZ	-	71,517

27. OTHER NON-CURRENT ASSETS

During 2011, Romgaz S.A. signed two loan contracts with Energia Torzym Spolka and Energia Cybinka Spolka, each with a maximum amount of EUR 5,000,000. Both agreements will terminate on December 31, 2015. Interest is calculated on the balance of the loan drawn down on an annual basis rate equivalent to ECB Euro base interest rate plus 1% per annum. The applicable ECB Euro base interest rate will be used as at the last working day of a calendar year. Interest is not to be capitalized. The receivable as of June 30, 2013 is thousand RON 16,752.

28. 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 a maturity under 3 months. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Current bank accounts in RON	76,847	165,130
Current bank accounts in foreign currency	845	1,956
Petty cash	29	38
Short-term deposits	1,702,973	1,265,708
Treasury bonds with maturity under 3 months	248,043	283,983
Amounts under settlement	11	19
Total	**2,028,748**	**1,739,330**

29. OTHER FINANCIAL ASSETS

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

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Shares in unquoted entities	77,641	1,646
Held-to-maturity investments	428,640	928,235
Total	**506,281**	**929,881**

30. COMMITMENTS UNDERTAKEN

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Commitments for purchase of import gas	135,372	283,642
Capital commitments	89,544	27,888
Other commitments	2,412	2,812
Total	**227,328**	**314,342**

From the facility of million USD 29 given by RBS Bank for opening letters of credit in favor of suppliers, as at June 30, 2013 are available for utilization thousand USD 2,834 (December 31, 2012: thousand USD 20,694).

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.

(b) *Ongoing judicial procedures for which Romgaz SA is not claimant or defendant*

On December 28, 2011, 27 former and current employees were notified by DIICOT (Direction for Investigation of Crimes of Organized Criminal Activity and Terrorism) 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. The Direction mentioned that this may have resulted in a loss of USD 92 million for the Company. The internal analysis carried out by the Company’s specialized departments concluded that the agreement was in compliance with legal provisions and all discounts were granted based on approvals from 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.

Also, during 2013 the National Agency for Integrity has initiated an investigation against a former general manager of the Company, as a result of identifying some indications of conflict of interest in awarding contracts to companies in which he has been administrator before becoming general manager of the Company. The management of the Company carried out an analysis and concluded that the investigation is ungrounded and that it will not have a negative impact over the Company’s individual interim financial statements.

31. CONTINGENCIES (continued)

(b) Ongoing judicial procedures for which Romgaz SA is not claimant or defendant (continued)

We mention that the risk assessment carried out by the Company was performed without having access to the investigation files prepared by the National Agency for Intergrity and the Direction for Investigation of Crimes of Organized Criminal Activity and Terrorism. The Company is fully cooperating with DIICOT and ANI in providing all information necessary.

(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 (0.1% per day). 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 interim financial statements are fairly stated.

(d) *Environmental contingencies*

Environmental regulations are developing in Romania and the Company has not recorded any liability at June 30, 2013 for any anticipated costs, including legal and consulting fees, impact studies, the design and implementation of remediation plans, related to environmental matters, except for an amount of thousand RON 17,296.

Environmental aspects

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 has been developed to reduce emissions of certain pollutants into the air from large combustion plants, including those of the Company, ie. CET Iernut.

The Company has the obligation to reduce NOx emissions in CET Iernut, respectively SO2, of large installations until December 31, 2013, which requires subsequent investments to June 30, 2013. The Company intends to fund these investments from its own sources.

The Company has an ongoing program to improve efficiency of its capabilities and reduce the cost of compliance with environmental plan, which involves various changes. In this case, the Company has started the process of developing a feasibility study to analyse the potential of increasing the efficiency and reducing the pollution related investment in terms of utilizing rationally and efficiently the financial, human and material resources.

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.

Environmental permits

In accordance with Government Emergency Ordinance no.152/2005, approved by Law no.84/2006 concerning integrated pollution prevention and control, with subsequent amendments and completions, the holding companies of combustion installations with a rated thermal input exceeding 50MWt are required to obtain integrated environmental authorization. The Company holds an environmental permit which is renewed periodically and is accompanied by a compliance program. Environmental conditions imposed by the permit relates to emissions of pollutants into the air, water, noise intensity at the enclosure's boundary, in compliance with the legislation on waste management and storage and respecting the compliance programs. This present environmental permit given to CET Iernut is valid until December 31, 2013.

31. CONTINGENCIES (continued)

Environmental permits (continued)

The Action Plan approved by the Mures Agency of Environmental Protection, the National Agency for Environmental Protection, Ministry of Environment and Climate Change includes the following measures:

1) Rehabilitation - modernizing wastewater treatment plant inside CET - Iernut - Investment value: thousand RON 1,000. Deadline: second semester of 2013. Currently, the works acquisition was published in SEAP, based on the project prepared by SC ECOROM SRL - Targu-Mures (company approved by the Ministry of Environment and Climate Change).

2) Purchase and installation of low NOx burners for IMA SE Mures no. 1 and no. 4. Deadline: fourth quarter, 2013. Currently, the Ministry of Environment and Climate Change approved the proposed solution of reduction of NOx emissions from boilers no.1 and 4 - CTE - Iernut below 300 mg NOx/ Nmc flue gas by gas recirculation; also, the management of SNGN ROMGAZ SA has approved the inclusion of the repairs done to the two boilers of SPEE Iernut in the current repair plans. Current repairs will be carried out by the Company (without contracting an outside firm). The cost of materials and spare parts for the implementation of the two repairs is thousand RON 1,000.

(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 (ANRM). Licenses for the extraction of hydrocarbons (natural gas and condensate) expire between 2011 and 2028 and may be extended upon request.

(f) *Insurance policies*

As at the end of the period, the Company has concluded insurance policies for tangible assets.

(g) *Green-house gas emission certificates*

Iernut power plant was allocated with a total number of 5,159,772 certificates for greenhouse gas emissions for the period 2008-2012 (according to Government Decision nr.60/2008). The obligation to manage the usage of the certificates for greenhouse gas emissions was under the responsibility of SC ELECTROCENTRALE BUCURESTI S.A.

Out of the total number of 5,159,772 certificates for the period 2008-2012, a number of 2,766,903 were consumed. The remaining of 2,392,869 certificates was managed by SC ELECTROCENTRALE BUCURESTI S.A.

For the period 2013 - 2020, free of charge certificates have not been allocated by the date these individual interim financial statements were issued. On July 30, 2013, the European Commission formally announced that in September, 2013 it intends to adopt a Decision regarding the allocation of “free of charge” certificates for greenhouse gas emissions for the period 2013-2020, considering the fact that the analysis of Measures for National Implementation notified by member states will be completed.

The aforementioned decision will include the preliminary number of free of charge certificates for greenhouse emissions for installations that falls under the scheme during the period 2013 -2020 – number determined based on the allocation principles set out in Decision 2011/278/UEJ, and the amount of cross-sectorial correction factor, by which after the adoption of the Decision, the Member State authorities will determine the total final amount of certificates for greenhouse gas emissions allocated to each installation for the period 2013-2020.

32. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events subsequent to period end.

33. APPROVAL OF INDIVIDUAL INTERIM FINANCIAL STATEMENTS

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

Virgil Metea
General Manager

Lucia Ionascu
Economic Director