

IDENTIFICATION DETAILS ON REPORT AND ISSUER**Preliminary annual report according to Article 61 of Law 24/2017****Financial year: 2018****Report date: February 15, 2019****Name of the Company: Societatea Nationala de Gaze Naturale (SNGN) ROMGAZ SA****Headquarters: Medias, Constantin I. Motas Square, no.4, code 551130****Telephone/fax number: 004-0374-401020 / 004-0269-846901****Fiscal Code: RO14056826****LEI code: 2549009R7KJ38D9RW354****Trade Registry No: J32/392/2001****Subscribed and paid in share capital: RON 385,422,400****Regulated markets where the issued securities are traded: Bucharest Stock Exchange (BVB), London Stock Exchange (LSE)****PRELIMINARY CONSOLIDATED ANNUAL REPORT****(issued based on unaudited consolidated financial information prepared
in compliance with the International Financial Reporting Standards)****ON THE ECONOMIC AND FINANCIAL ACTIVITY OF SNGN "ROMGAZ" SA GROUP¹ for 2018****OVERVIEW**

SNGN Romgaz SA is a Romanian natural gas producer and supplier, the business segments of the Group being: gas exploration, gas production and supply, underground gas storage and electricity production.

Romgaz Group preliminary performances in the year ended on December 31, 2018 were influenced by the following factors:

- ↪ **Gas production** was **5,333 million m³**, 175 million m³ higher than the production recorded during the previous year (+3.39%) and 1.6% higher than budgeted;
- ↪ The production has increased for the second year in a row;
- ↪ Estimated **revenue** for the year 2018: **RON 5 billion** (2017: RON 4.6 billion), increased by 9.07%;
- ↪ **Preliminary net profit** for the year 2018: **RON 1.4 billion** (2017: net profit adjusted with the recognized income from the reimbursement of excise duty for technological gas consumption – RON 1.6 billion);
- ↪ **The Net Profit recorded in Q4** was **RON 401.9 million**, a decrease by **37.7%** as compared to the same period of the previous year (**Q4 2017**) but 75.7% higher than the previous quarter (**Q3 2018**) pursuant to a revenue increase of 60.46%;
- ↪ **The Net Profit Margin in Q4** was **25.8%** (year 2018: 28.6%) and the **EBIT margin** was **27.5%** (year 2018: 32.1%) further to the impairment recorded for the Group's assets;
- ↪ Increase by 51% of **petroleum royalty expenses** (RON 445 million in 2018 as compared to RON 294 million in 2017) as a result of National Agency of Mineral Resources Order no.32/2018 on approving the Methodology for setting the reference price for natural gas produced in Romania, whereby the reference price used to calculate the royalty becomes

¹ Romgaz Group consists of SNGN Romgaz SA ("the Company"/"Romgaz") as parent company, Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz"), is the subsidiary owned 100% by Romgaz, and its associates SC Depomures SA (40% of the share capital) and SC Agri LNG Project Company SRL (25% of the share capital)

- the reference price of index „PEGAS CEGH Day Ahead Market Single Day Select, VWAP/CEGHIX Central European Gas Hub AG (CEGH)”;
- ↪ Increase by RON 164 million (43%) of the **windfall tax** further to the deregulation of prices in the gas sector;
 - ↪ Gas field assets **impairment** of RON 103.6 million as a result of an internal analysis regarding their profitability;
 - ↪ RON 54 million **impairment** of assets representing the current Iernut powerplant as a consequence of forecasting termination of its activity in 2020, the year of commissioning the new powerplant which is currently under construction;
 - ↪ Doubling **exploration costs** representing 3D seismic services for the discovery of new reserves (RON 98 million in 2018 as compared to RON 48 million in 2017);
 - ↪ Increase in **investments** made in 2018 from RON 781.8 million in 2017 to **RON 1.15 billion**.
 - ↪ **Electricity production** decreased in 2018 as compared to the previous year by 37.48% due to Hidroelectrica's domination of the market, increased demand for natural gas consumption and storage;
 - ↪ **Gas trading from internal production** aimed at securing a balanced portfolio of customers, at reducing the risk related to payment defaults and at being present on the free market to ensure price flexibility;
 - ↪ **Revenue from natural gas storage activities** decreased by **41%** being estimated at **RON 298 million** as a consequence of reducing storage tariffs approved by ANRE, despite the increased injected into/withdrawn gas quantities from the storage in 2018 as compared to 2017;
 - ↪ **It is estimated that revenue from electricity sales** decreased by 30.6% as compared to the previous year; according to Transelectrica, the electricity generation market share was 1.83% during 2018 and 2.7% for Q4 2018;
 - ↪ **EBITDA** related to 2018 remains at a high level of 44.93% related to the revenue, despite recording a decrease as compared to the previous year (2017: EBITDA margin adjusted with natural gas excise - 52.71%).

PHYSICAL INDICATORS

The table below shows a comparison of the main indicators related to gas and condensate production, royalty, electricity production and invoiced UGS injection/withdrawal services:

Q3 2018	Q4 2018	Q4 2017	Δ Q4 (%)	Main Indicators	2018	2017	Δ 12 months (%)
1,282	1,411	1,406	0.36	Gross gas production (BCM)	5,333	5,158	3.39
1,793	2,589	1,393	85.86	Condensate production (tonnes)	7,867	5,742	37.01
0,092	0.104	0.103	1.43	Petroleum royalty (BCM)	0.388	0.371	4.44
284.4	414.5	398.3	4.07	Electricity production (GWh)	1,165.2	1,863.8	-37.48
12.3	819	537	52.51	Invoiced UGS withdrawal services (million m ³)	1,949.9	1,745.5	11.71
860	119.6	121.8	-1.81	Invoiced UGS injection services (million m ³)	1,731.2	1,497.6	15.60

The preliminary natural gas quantities produced, supplied, injected in/withdrawn from the underground storages (UGS) and gas quantities used for electricity production between January - December 2018 in comparison to 2017 and 2016 are described in the table below (million m³):

Item no.	Specification	2016	2017	2018	Indices
0	1	2	3	4	5=4/3x100
1	Total - gross production, out of which:	4,219.4	5,157.5	5,333.3	103.4%
1.1.	* internal gas production	4,068.0	4,987.7	5,177.1	103.8%
1.2.	* Schlumberger joint venture (100%)	151.3	169.8	156.3	92.0%
2	Technological consumption	54.5	74.5	86.4	116.0%
3	Net internal gas production (1.-1.2.-2.)	4,013.6	4,913.2	5,090.6	103.6%
4	Internal gas volumes injected in storages	414.7	253.5	348.1	137.3%
5	Internal gas volumes withdrawn from storages, of which:	462.6	723.5	479.4	66.3%
5.1	- gas cushion	-	-	6.9	-
6	Differences resulting from GCV	4.5	2.7	1.4	51.9%
7	Volumes supplied from internal production (3.-4.+5.-6.)	4,057.0	5,380.5	5,220.5	97.0%
8.1	Gas sold in storages	79.2	-	8.1	-
8.2	Gas supplied to Iernut and Cojocna Power Plants from Romgaz gas	463.7	506.4	326.7	64.5%
9	Gas supplied from internal production to the market (7.+8.1.-8.2)	3,672.5	4,874.1	4,901.9	100.6%
10	Natural gas from partnerships*) - total, out of which:	149.0	175.5	163.6	93.2%
	*Schlumberger (50%)	75.7	84.9	78.2	92.0%
	*Raffles Energy (37.5%)	0.3	0.1	0.0	0.0%
	*Amromco (50%)	73.0	90.5	85.4	94.4%
11	Purchased internal gas volumes (imbalances included)	11.2	27.0	9.7	35.9%
12	Sold internal gas volumes (9.+10.+11.)	3,832.7	5,076.6	5,075.2	100.0%
13	Supplied internal gas volumes (8.2+12.)	4,296.4	5,583.0	5,401.9	96.8%
14	Supplied import volumes	6.8	33.0	181.4	549.7%
15	Gas supplied to Iernut and Cojocna Power Plants from other sources (imbalances included)	4.8	40.3	19.4	48.1%
16	Total gas supplies (13.+14.+15.)	4,308.0	5,656.3	5,602.7	99.1%
*	Invoiced UGS withdrawal services	1,440.9	1,745.5	1,949.9	111.7%
*	Invoiced UGS injection services	1,367.4	1,497.6	1,731.2	115.6%

ECONOMIC-FINANCIAL INDICATORS

The economic-financial indicators have been calculated based on unaudited preliminary consolidated financial statements and may be different from the actual audited results.

The Group's revenue is mainly generated by the sale of natural gas (internal and import), by the underground gas storage services and by the electricity production.

Preliminary consolidated comprehensive income for the year ended on December 31, 2018 (unaudited)

Description	Preliminary	Preliminary	Actual	Actual	Variation	Variation
	Q4 2018	2018	Q4 2017 (restated **)	2017 (restated **)	Q4	2018-2017
	(thousand RON)	(thousand RON)	(thousand RON)	(thousand RON)	(%)	(%)
1	2	3	4	5	6=[(2/4)- 1]x100	7=[(3/5)- 1]x100
Revenue	1,556,635	5,001,242	1,343,540	4,585,186	15.86	9.07
Cost of commodities sold	(59,933)	(245,020)	(11,577)	(61,095)	417.69	301.05
Investment income	13,299	53,279	6,702	22,350	98.43	138.38
Other gains or losses	(44,972)	(102,563)	(31,705)	(120,335)	41.85	-14.77
Net losses from impairment of trade receivables	176	(19,941)	-	-	n/a	n/a
Changes in inventory	(37,792)	(19,179)	(86,009)	(186,651)	-56.06	-89.72
Raw materials and consumables used	(22,277)	(75,460)	(16,109)	(64,329)	38.29	17.30
Net depreciation and amortization	(253,126)	(641,524)	(139,616)	(521,479)	81.30	23.02
Employee benefit expenses	(186,409)	(621,330)	(162,648)	(562,894)	14.61	10.38
Financial costs	(7,096)	(26,175)	(5,339)	(18,624)	32.91	40.54
Exploration expense	(52,015)	(247,123)	(37,412)	(184,854)	39.03	33.69
Share of associates' result	572	622	1,212	1,375	-52.81	-54.76
Other expenses	(471,661)	(1,414,184)	(390,349)	1,090,649	20.83	29.66
Other income	5,689	16,160	279,558	364,169	-97.97	-95.56
Profit before tax	441,090	1,658,804	750,248	2,162,170	-41.21	-23.28
Income tax expense	(39,199)	(230,421)	(104,713)	(322,905)	-62.57	-28.64
Profit for the period	401,891	1,428,383	645,535	1,839,265	-37.74	-22.34
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains/(losses) on post-employment benefits	(7,928)	(7,928)	-	-	n/a	n/a
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,268	1,268	-	-	n/a	n/a

Description	Preliminary	Preliminary	Actual	Actual	Variation	Variation
	Q4 2018	2018	Q4 2017 (restated **)	2017 (restated **)	Q4	2018-2017
	(thousand RON)	(thousand RON)	(thousand RON)	(thousand RON)	(%)	(%)
1	2	3	4	5	6=[(2/4)- 1]x100	7=[(3/5)- 1]x100
Total items that will not be reclassified subsequently to profit or loss						
Other comprehensive income for the period net of income tax	(6,660)	(6,660)	-	-	n/a	n/a
Total comprehensive income for the period	395,231	1,421,723	645,535	1,839,265	-38.77	-22.70
EBITDA *)	680,917	2,247,049	638,776	2,416,916	6.60	-7.03
EBITDA margin (%) *)	43.74	44.93	47.54	52.71	-8.0	-14.8
EBIT *)	427,791	1,605,525	499,160	1,895,437	-14.30	-15.30
EBIT margin (%) *)	27.48	32.10	37.15	41.34	-26.03	-22.34
EPS (RON) ***)	1.01	3.69	1.67	4.77	-39.52	-22.64

*) EBITDA and EBIT for 2017, namely related to Q4 2017 and their margins are adjusted with the income recorded as a result of finalising in 2017 the fiscal control on excises, given the singular nature of this income.

**) In 2018 the Group modified on voluntary basis the accounting policy related to costs with seismic, geological, geophysical works and other similar operations. According to the new policy, these costs are recognized as expenses when incurred. Previously, these were recognized as intangible exploration assets. To reflect the change and ensure comparability of information, previous periods were restated.

***) EPS is calculated based on SNGN Romgaz SA individual results.

Revenue

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

The increase resides from a 17.7% rise of revenue from sales of internal Romgaz produced gas and of gas purchased for resale as well as gas from joint ventures, despite the decrease of revenue from electricity sales (30.62%) and the decrease by 41.08% of revenue from storage services. Such decrease is due to a 26% drop of storage tariffs approved by the ANRE, applied as of April 1, 2018.

Cost of Commodities Sold

In 2018, cost of commodities sold increased by 301.05%, due to an increase by 603.25% of the cost of commodities gas sold, due to 549.7% higher quantities of commodity gas sold from import. Nevertheless, the Group's result was not significantly influenced by selling import gas.

Investment Income

Investment income represent income from placing Group's liquidities in bank deposits or in state bonds. The 138.38% increase as compared to 2017 is generated by the increase of interest rates.

Other Gains and Losses

Other gains and losses have to be analysed together with Net losses from the impairment of trade receivables. As a result of implementing IFRS 15, these losses are stated separately in the preliminary statement of consolidated comprehensive income. The Group opted for applying IFRS 15 without restating the previous period.

As compared to 2017, net losses increased by 1.8%.

Changes in Inventory

The reduction of the negative effect of changes in inventories in 2018 compared to 2017 is due to a 38% higher gas quantity withdrawn from storages as compared to the injected one, in relation to 2017 when the withdrawn quantity was 185% higher than the injected one.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment of non-current assets, tangible and intangible assets increased in 2018 by 23.02% compared to 2017 mainly due to an impairment of RON 103.6 million of gas fields operated by Romgaz, further to the impairment test performed in December 2018. Moreover, the Group recorded a RON 54 million impairment of assets representing current Iernut powerplant because of forecasting termination of its activity in 2020, the year of commissioning the new powerplant, which is currently under construction.

Employee benefit expense

The 10.38% increase of employee benefit expenses in 2018 is due both to the indexation of salaries to cover the inflation and granting incentive bonuses for remarkable results, according to the human resource policy.

Exploration expenses

Out of the exploration expenses for 2018 of RON 247.1 million, 3D seismic activities represent RON 97 million, a 104% increase as compared to the previous year. These expenses prove the Group's engagement for the discovery of new reserves.

The abandonment costs of exploration projects are 9% higher as compared to the previous year, but their effect is offset by releasing to income the applicable impairment.

Other expenses

In 2018, other expenses recorded a 29.66% increase as compared to the previous year. The increase of RON 323.5 million is mainly due to higher expenses with fees and taxes (royalty and windfall tax, as mentioned in the introductory section).

Other income

Decrease of other income is mainly due to recording in 2017 an income of RON 244 million representing excises for the technological consumption between 2010-2016. On the date hereof, the Group recovered the entire amount.

**Preliminary Statement of Consolidated Financial Position as of December 31, 2018
(unaudited)**

INDICATOR	Preliminary December 31, 2018	Actual December 31, 2017 *) restated	Variation
1	(RON thousand) 2	(RON thousand) 3	(%) 4=(2-3)/3x100
ASSETS			
Non-current assets			
Property, plant and equipment	6,060,357	5,842,708	3.73
Other intangible assets	4,970	8,629	-42.40
Investments in associates	23,298	22,676	2.74
Deferred tax asset	112,478	66,272	69.72
Other financial assets	9,812	69,678	-85.92
TOTAL NON-CURRENT ASSETS	6,210,915	6,009,963	3.34
Current assets			
Inventories	259,061	389,515	-33.49
Trade and other receivables	433,369	816,086	-46.90
Contract assets	390,395	-	n/a
Contract costs	583	-	n/a
Other financial assets	881,245	2,787,261	-68.38
Other assets	168,080	305,913	-45.06
Cash and cash equivalents	566,836	227,167	149.52
TOTAL CURRENT ASSETS	2,699,569	4,525,942	-40.35
TOTAL ASSETS	8,910,484	10,535,905	-15.43
EQUITY AND LIABILITIES			
Equity			
Issued capital	385,422	385,422	0.00
Reserves	1,825,568	2,312,532	-21.06
Retained earnings	5,546,940	6,296,875	-11.91
TOTAL EQUITY	7,757,930	8,994,829	-13.75
Non-current liabilities			
Retirement benefit obligation	130,075	119,482	8.87
Provisions	204,696	280,601	-27.05
TOTAL NON-CURRENT LIABILITIES	334,771	400,083	-16.32
Current liabilities			
Trade payables and other liabilities	186,084	606,109	-69.30
Contract liabilities	46,381	-	n/a
Current tax liabilities	69,555	128,520	-45.88
Deferred income	29,570	970	2948.45
Provisions	93,760	76,290	22.90
Other liabilities	392,433	329,104	19.24
TOTAL CURRENT LIABILITIES	817,783	1,140,993	-28.33
TOTAL LIABILITIES	1,152,554	1,541,076	-25.21
TOTAL EQUITY AND LIABILITIES	8,910,484	10,535,905	-15.43

*) In 2018 the Group voluntarily modified the accounting policy regarding recognizing the costs with seismic, geological, geophysical works and other similar operations. Pursuant to the new policy, these costs are recognized as expenses when incurred. Previously, these costs were recognized as intangible exploration assets. Information from previous periods was restated to ensure comparability to the current period.

NON-CURRENT ASSETS

Property, plant and equipment

Total property, plant and equipment increased by 3.73% namely by RON 217.6 million, from RON 5.8 billion on December 31, 2017 to RON 6.1 billion on December 31, 2018. Even though in 2018 the Group estimates it invested RON 1.15 billion, the increase was partially cut by the amortisation costs (RON 563 million in 2018 compared to RON 543 million in 2017) and depreciation adjustments (net cost of depreciation of RON 79 million in 2018 compared to a net income of RON 22 million in 2017). From the value of investments made in 2018 namely RON 1.15 billion, RON 569 million is the investment in the new Iernut plant.

With regard to other financial investments, in 2018, the Group recorded a decrease in the fair value of Electrocentrale Bucuresti investment with RON 59.9 million. Out of this value, RON 40.7 million affected the annual result, the difference being recognized in retained earnings following the transition to IFRS 9.

Investments in associates are accounted for in the consolidated financial statements by the equity method which implies that the investment is initially recognized as cost and adjusted afterwards, depending on the post-acquisition modifications, in the apportioned share of the Group in the associate's net assets in which the investment had been made. The Group's profit or loss includes its share of the associate's profit or loss.

Deferred tax asset

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

Taking into account the adjustments of depreciation registered for the fields operated by the Group and for the current plant in Iernut, the temporary difference between the accounting and the fiscal value of the assets increased, which generated a rise in the deferred tax asset on December 31, 2018 in comparison to December 31, 2017.

CURRENT ASSETS

Inventories

Inventories decreased at the end of 2018, as compared to 2017, by 33.49% because of a decrease of 49% of gas stock from the storage as compared to the previous year.

Trade and other receivables. Assets related to client contracts

The variation of the two balance sheet items must be cumulatively analysed following the implementation of IFRS 15 (the standard was adopted without restating previous periods). Thus, an increase of 0.93% is noted as compared to the end of the previous year.

Assets related to client contracts represent the right of the Group to an equivalent value in return for goods or services transferred to its clients when such right is conditional upon something else than the passing of time. Before the transition to IFRS 15, these amounts were presented within trade receivables. These assets represent gas deliveries in December 2018 for which sale invoices are to be issued at the time specified in the contracts concluded between the Group and its clients.

Cash and cash equivalents. Other financial assets

Cash, cash equivalents and other financial assets (bank deposits and purchased state bonds) amounted RON 1,448.08 million on December 31, 2018 compared to RON 3,014.43 million at the end of 2017, the decrease being generated by distributing additional dividends, in 2018, to shareholders, besides the dividends for 2017. Thus, the value of total dividends allocated to shareholders in 2018 is RON 2.6 billion.

Other assets

The decrease in other assets is due to the recovering in 2018 of an amount of RON 113 million from the total receivables amounting RON 244 million recorded on December 31, 2017, representing excises on technological consumption for 2010-2016.

EQUITY

Group's total equity decreased by 15.25% (RON 1,371.4 million) in 2018 as compared to the end of 2017, due to distributing to shareholders, as dividends, the result of 2017 and part of the result of the previous years, in compliance with the resolution of the general meeting of shareholders of the Group. Additional dividends were distributed from Parent Company reserves in 2018.

Below are presented the elements that influenced the Group's equity in the years 2018 and 2017.

Description	Share capital	Legal reserve	Other reserves	Retained earnings	Total
	RON thousand	RON thousand	RON thousand	RON thousand	RON thousand
Balance as of January 1, 2018 (before change in accounting policy)	385,422	77,084	2,235,448	6,635,380	9,333,334
Effect of change in accounting policy *)	-	-	-	(338,505)	(338,505)
Balance as of January 1, 2018 (restated)	385,422	77,084	2,235,448	6,296,875	8,994,829
Allocation to dividends	-	-	(716,886)	(1,923,258)	(2,640,144)
Increase in legal reserves	-	391	-	(391)	-
Allocation to other reserves	-	-	185,563	(185,563)	-
Profit for the year	-	-	-	1,428,383	1,428,383
Reserves from reinvested profit	-	-	43,968	(43,968)	-
Change in accounting policies following adoption of IFRS 15 and IFRS 9	-	-	-	(18,478)	(18,478)
Other comprehensive income	-	-	-	(6,660)	(6,660)
Balance as of December 31, 2018	385,422	77,475	1,748,093	5,546,940	7,757,930

*) In 2018 the Group voluntarily modified the accounting policy regarding recognizing the costs with seismic, geological, geophysical works and other similar operations. Pursuant to the new policy, these costs are recognized as expenses when incurred. Previously, these costs were recognized as intangible exploration assets. Information from previous periods was restated to ensure comparability to the current period.

Description	Share capital	Legal reserve	Other reserves	Retained earnings	Total
	RON thousand	RON thousand	RON thousand	RON thousand	RON thousand
Balance as of January 1, 2017 (before change in accounting policy)	385,422	77,084	2,943,068	6,291,685	9,697,259
Effect of change in accounting policy *)	-	-	-	(321,662)	(321,662)
Balance as of January 1, 2017 (restated)	385,422	77,084	2,943,068	5,970,023	9,375,597
Allocation to dividends	-	-	(747,719)	(1,472,314)	(2,220,033)
Increase to other reserves	-	-	16,309	(16,309)	-
Profit for the year (before change in accounting policy)	-	-	-	1,856,108	1,856,108
Reserves from reinvested profit	-	-	23,790	(23,790)	-
Effect of change in accounting policy *)	-	-	-	(16,843)	(16,843)
CB as of Dec 31, 2017	385,422	77,084	2,235,448	6,296,875	8,994,829

*) In 2018 the Group voluntarily modified the accounting policy regarding recognizing the costs with seismic, geological, geophysical works and other similar operations. Pursuant to the new policy, these costs are recognized as expenses when incurred. Previously, these costs were recognized as intangible exploration assets. Information from previous periods was restated to ensure comparability to the current period.

NON-CURRENT LIABILITIES

Long-term provisions decreased by 16.32% in 2018 as compared to 2017, especially due to a decrease in the decommissioning provision for wells that are going to be written off in the future.

CURRENT LIABILITIES

Total current liabilities decreased on December 31, 2018 by RON 323.2 million, as compared to the end of previous year, mainly due to the implementation of IFRS 15. Advances received from clients at the end of the period were presented in 2017 as trade liabilities including the amounts for deliveries made in December 2017, not invoiced before the end of the year. In 2018, these are presented net of the deliveries made in December 2018 for which advances were received from clients.

The increase in deferred income as of December 31, 2018 compared to 2017 is due to the collection of RON 20.99 million from the National Investment Plan for the CET Iernut new power plant. The subsidy will be recognised in profit or loss over the useful life of the plant built from this grant.

Preliminary Statement of Consolidated Statement of cash flow for the year ended December 31, 2018 (unaudited)

The consolidated cash flows registered during January-December 2018 and the similar period of 2017 respectively are as follows:

INDICATOR	Preliminary	Actual	Variation (%)
	December 31, 2018 (RON thousand)	December 31, 2017 (RON thousand) restated *)	
1	2	3	4=(2-3)/3x100
Cash flows from operating activities			
Net profit for year	1,428,383	1,839,265	-22.34
Adjustments for:			
Income tax expense	230,421	322,905	-28.64
Share from the associates' result	(622)	(1,375)	-54.76
Interest expense	-	3	n/a
Unwinding of decommissioning provision	26,175	18,621	40.57
Interest revenue	(53,279)	(22,350)	138.38
Loss on disposal of non-current assets	62,534	72,668	-13.95
Change in decommissioning provision recognized in the result of the period, other than unwinding	(26,840)	11,693	n/a
Change in other provisions	30,366	11,389	-166.63
Impairment of exploration assets expense	(118,809)	(45,100)	163.43
Exploration projects written-off	149,620	137,083	9.15
Net impairment of non-current assets	197,565	23,206	751.35
Depreciation expense	562,768	543,374	3.57
Depreciation of contract costs	1,291	-	n/a
Impairment of investment in associates	-	(12,462)	n/a
Net impairment of financial assets	-	(21)	n/a
(Earning)/loss on financial investments at their fair value through profit or loss	40,782	-	n/a
Loss on disposal of investments in associates and other financial investments	-	12,308	n/a
Loss on trade receivables and other receivables	20,048	38,575	-48.03
Net impairment of inventories	(2,052)	8,147	n/a
Income from prescribed debts	(58)	(610)	-90.49
Income from subsidies	(269)	(150)	79.33
Cash generated from operational activities before movements in working capital	2,548,024	2,957,169	-13.84
Movements in working capital			
(Increase)/Decrease in inventories	130,045	178,363	-27.09

INDICATOR	Preliminary	Actual	Variation (%)
	December 31, 2018 (RON thousand)	December 31, 2017 (RON thousand) restated *)	
1	2	3	4=(2-3)/3x100
(Increase)/Decrease in trade and other receivables	(5,076)	(180,285)	-97.18
Increase/(Decrease) in trade and other liabilities	(195,481)	105,975	n/a
Cash generated by operational activities	2,477,512	3,061,222	-19.07
Interest paid		(3)	n/a
Income tax paid	(334,324)	(309,956)	7.86
Net cash generated by operational activities	2,143,188	2,751,263	-22.10
Cash flows from investing activities			
Acquisition of investments in associates	-	(144)	n/a
Net collections/(payments) related to financial assets	1,917,569	104,970	1726.78
Interest received	49,338	20,909	135.97
Proceeds from sale of non-current assets	961	207	364.25
Payments for purchase of non-current assets	(948,589)	(478,062)	98.42
Payments for purchase of exploration assets	(205,371)	(233,231)	-11.95
Proceeds from disposal of associates	-	298	n/a
Net cash used in investing activities	813,908	(585,053)	n/a
Cash flows from financing activities			
Dividends paid	(2,638,535)	(2,220,003)	18.85
Subsidies received	21,108	413	5010.90
Net cash used in financing activities	(2,617,427)	(2,219,590)	17.92
Increase/(decrease) in net cash and cash equivalents	339,669	(53,380)	n/a
Net cash and cash equivalents at the beginning of the year	227,167	280,547	-19.03
Cash and cash equivalents at the end of the year	566,836	227,167	149.52

*) In 2018 the Group voluntarily modified the accounting policy regarding recognizing the costs with seismic, geological, geophysical works and other similar operations. Pursuant to the new policy, these costs are recognized as expenses when incurred. Previously, these costs were recognized as intangible exploration assets. Information from previous periods was restated to ensure comparability to the current period.

CHIEF EXECUTIVE OFFICER
Adrian Constantin Volintiru

CHIEF FINANCIAL OFFICER
Andrei Bobar