

REPORT AND ISSUER IDENTIFICATION DATA

Semestrial report under Article 227 of Law no. 297/2004

Report date: August 6th, 2009

Company's name: SNTGN TRANSGAZ SA

Headquarters: Medias, no.1, C.I. Motas Sq., code 551130

Phone/fax no.: 0269-803333/0269-839029

Fiscal registration code: RO13068733

Commerce Registration no.: J32/301/2000

Subscribed and paid-up share capital: Lei 117,738,440

Regulated market trading the issued securities: Bucharest Stock Exchange

SEMESTRIAL REPORT
ON TRANSGAZ' ECONOMIC-FINANCIAL ACTIVITY AS AT 30.06.2009
(Semester I - 2009)

1. ECONOMIC-FINANCIAL SITUATION**1.1. The analysis of the economic-financial situation**

In the first semester of 2009, SNTGN TRANSGAZ S.A. has developed its activity in accordance with the operating permit no. 829 issued by NAMR on September 20, 2007, approved by NAMR Decision no. 1398 and based on economic and financial indicators provided in the revenue and expenditure budget for 2009 approved by GD no. 722 of June 17, 2009.

1.1.1. Balance sheet items

The situation of the balance sheet items for the period 01.01.2009 – 30.06.2009 is as follows:

Name of indicator	01.01.2009	30.06.2009	Differences
	Lei	Lei	Lei
0	1	2	3
Intangible assets	496,254,194	496,247,146	-7,048
Tangible assets	2,183,623,309	2,290,170,448	106,547,139
Financial assets	1,358,401	1,771,979	413,578
Fixed assets	2,681,235,904	2,788,189,573	106,953,669
Stocks	40,326,519	58,698,548	18,372,029
Receivables	228,685,324	116,731,481	-111,953,843
Short term investments	112,130,276	0	112,130,276
Cash and bank accounts	216,731,089	267,927,160	51,196,071
Advance expenses	873,297	983,011	109,714
Liabilities: payable within one year	347,807,623	289,801,474	58,006,149
Net current assets/net current liabilities	249,253,607	153,391,794	-95,861,813
Total assets minus net current liabilities	2,930,489,511	2,941,581,367	11,091,856
Liabilities: payable in a period exceeding one year	584,884,716	549,279,867	-35,604,849
Provisions	29,675,456	22,155,834	-7,519,622
Advance revenues	129,605,270	136,444,101	6,838,831
Capital and reserves			
Subscribed and paid-up capital	117,738,440	117,738,440	0
Capital premiums	0	0	0
Reevaluation reserves	586,393,642	568,616,171	-17,777,471

Reserves	1,255,277,282	1,380,187,055	124,909,773
Result deferred	-10,407,110	-1,804,469	8,602,641
Financial year result	239,007,090	170,111,300	-68,895,790
Profit appropriation	0	0	0
Equity	2,188,009,344	2,234,848,497	46,839,153
Public patrimony	0	0	0
Capitals – total	2,188,009,344	2,234,848,497	46,839,153

Tangible assets

The tangible assets have registered an increase compared to the beginning of 2008, with the amount of 106,547,139 lei determined on one hand by putting into operation of some fixed assets during the first semester of 2009, and on the other hand by recording new work of investments as tangible assets under execution.

The stocks have registered an increase of 18,372,029 lei, compared to the beginning of 2009, determined mainly by the increase of the stock of materials in the possession of third parties, respectively the pipes kept by manufacturers for carrying out the investment works in pipeline field.

Receivables

On June 30, 2009, the debt balance has decreased compared to 31.12.2008, with 111,953,843 lei, due to the collection of the outstanding and due receivables from S.C. Termoelectrica S.A. and from S.C. Electrocentrale Bucharest. During 01.01.2009 – 30.06.2009, the collections from the clients were amounted to 818,018,242 lei.

We present below the table with the collections from major customers:

Tag no.	Customer name	Amount Lei
1.	DISTRIGAZ SUD	188,022,734
2.	E.ON GAZ ROMANIA S.A.	157,038,039
3.	ELECTROCENTRALE BUCURESTI S.A.	137,004,241
4.	GAZPROM EXPORT	88,810,543
5.	PETROM GAS SRL	39,551,093
	TOTAL	610,426,650

Cash and bank accounts

On June 30, 2009, the availabilities of funds in bank accounts have increased compared to 31.12.2008, with the amount of 51,196,071 lei, increase explained on one hand by the collecting of receivables, and on the other hand by receiving the interests given by the banks for keeping the availabilities of funds in deposits.

Short term liabilities

The liabilities coming due within one year have decreased compared to December 31, 2008, with the amount of 58,006,149 lei, decrease explained by the payment made to suppliers for company's current activity and by receiving VAT during this period, compared to the beginning of this year when the company had to pay VAT.

Long term liabilities

The liabilities payable in a period exceeding one year have registered a decrease compared to December 31, 2008, with the amount of 35,604,849 lei, explained by decreasing the balance of the long term bank loans, due to reimbursements.

On June 30, 2009 the situation of the long and short term bank loans made by Transgaz is as follows:

Tag no.	Financing Bank	Loan currency	Loan value	Balance at 30.06.2009
1.	BIRD	USD	6,933,684.00	2,599,943
2.	GAZPROMBANK RUSSIA	USD	48,340,434.44	6,725,626
3.	GAZPROMBANK RUSSIA	USD	67,000,000.00	9,498,039
4.	EFIBANCA ITALY	EURO	3,106,007.10	0
5.	EFIBANCA ITALY	EURO	3,187,500.00	690,049
6.	EFIBANCA ITALY	EURO	2,127,720.00	425,544
7.	RAIFFEISEN BANK ROMANIA	EURO	1,140,935.45	0
8.	ABN AMRO BANK ROMANIA	EURO	6,436,919.95	2,011,537
9.	UNICREDIT TIRIAC ROMANIA	RON	100,600,000.00	68,831,578

Equity

The capital subscribed and paid on June 30, 2009, has maintained the same value as at December 31, 2008.

The equity increasing on June 30, 2009, compared to December 31, 2008, with the amount of 46,839,153 lei, is explained by the allocation in 2008 of net profit to other reserves, in order to constitute their own sources of financing.

1.1.2. Profit and loss account

The situation of the profit and loss account at 30.06.2009 is as follows (RON):

S.N.T.G.N. "TRANSGAZ" S.A. Medias

Semestrial report of the administrator at 30.06.2009

Tag no.	Name of the indicator	30.06.2008	30.06.2009
1.	Net turnover	543,078,038	586,731,052
	Operating revenues	549,091,142	601,169,494
	Operating expenses	385,964,365	415,373,294
2.	Operating result	163,126,777	185,796,200
	Financial revenues	14,969,783	28,148,817
	Financial expenses	8,191,634	11,790,161
3.	Financial result	6,778,149	16,358,656
	Total revenues	564,060,925	629,318,311
	Total expenses	394,155,999	427,163,455
4.	GROSS RESULT	169,904,926	202,154,856
5.	Tax on profit	26,305,474	32,043,556
6.	Net profit	143,599,452	170,111,300

The total achieved revenues increased by 65,257 thousand Lei, are of 111.57% as opposed to the achievements related to the same period of 2008. The revenues were mainly influenced by the following factors:

- ✍ The transported natural gas quantity less with 17,740,578 MWh;
- ✍ Increase in regulated tariffs for gas transmission services;
- ✍ Increase in revenues from international gas transit activities based on exchange rate increase ;
- ✍ The financial revenues higher compared to the same period of 2008 due to the revenues from interests.

The total expenses made were compliant with the Revenues and Expense Budget. The increase thereof by 108.37% (33,007 thousand lei) as opposed to the first semester of 2008 was mainly determined by the following:

- ✍ Increase in the NTS rehabilitation and maintenance works for the safe operation thereof such expenses are totally included in the transmission tariff;
- ✍ Increase the amortisation based on fixed assets re-evaluation on December 31, 2008;
- ✍ Increase in the personnel expenses (salaries, contributions to salary related funds, employees' share in profit) based on GEO no. 79/2008, respectively the correlation of salary increases with labour output increases as required by the Romanian Energy Regulatory Authority;

Compared to the achievements on June 30, 2008, the total revenues obtained in the first semester of 2009 have increased by 11.57% and, given the fact that total expenses have registered an increase of 8.37%, the gross profit made on June 30, 2009 is higher with 18.98% (32,250 thousand lei) than the gross profit of the same period of 2008.

Analysis of economic-financial indicators as at June 30, 2009 as opposed to the approved Revenue and Expense Budget

The synthesis of the financial results as at June 30, 2009 is presented below (lei):

Tag no.	Name of the indicator	REB 30.06.2009	Achievements 30.06.2009
1.	Net turnover	683,479,000	586,731,052
	Operating revenues	688,823,000	601,169,494
	Operating expenses	469,831,000	415,373,294
2.	Operating result	218,992,000	185,796,200
	Financial revenues	4,708,000	28,148,817
	Financial expenses	9,746,000	11,790,161
3.	Financial result	- 5,038,000	16,358,656
	Total revenues	693,531,000	629,318,311
	Total expenses	479,577,000	427,163,455
4.	GROSS RESULT	213,954,000	202,154,856
5.	Tax on profit	32,744,730	32,043,556
6.	Net profit	181,209,270	170,111,300

The total revenues achieved represent 90.74% as opposed to the Revenues and Expense Budget, an amount of Lei 64,213 thousand not being achieved. Such non-achievement was determined by the decrease in the amount of transmitted gas by 17,090,211 thousand MWh, due to the lack of demand on the gas market.

The total expenses were incurred 89.07% as opposed to the approved estimation, being by Lei 52,415 thousand lower than as provided in the REB.

The gross profit was achieved 94.49%, by Lei 11,798 thousand lower than as estimated in the REB and the net profit was achieved 93.88%, by Lei 11,097 thousand lower than as estimated.

The failure to achieve the scheduled profit was due to the following factors of influence:

- Failure to achieve the revenues – un unfavourable influence of lei 64,213 thousand;

- Savings in expenses – a favourable influence of lei 52,415 thousands.

1.1.3. Cash flow statement

The cash flow statement on June 30, 2009 is given below (lei):

Indicator	Date	
	01.01.2009	30.06.2009
Operational activities:		
Net profit	239,007,090	170,111,300
Amortization expense	86,931,300	63,704,336
Expenses/(revenues) with the provisions for current assets	-3,697,623	-5,192,779
Losses from receivables – various debtors	572,603	4,180
Adjustments on provisions for risks and expenses	2,501,516	-7,519,622
Revenues from interests	-31,066,183	-25,356,282
The effect of exchange rate fluctuations	11,249,834	0
Expenses with interests	16,585,022	7,716,026
Profit / loss from the tangible assets sale/cassation	-908,087	14,004
Other expenses/ financial revenues	-997	0
Tax on profit	46,135,544	32,043,556
Increasing the cash from operating before changing the working capital	367,310,019	235,524,719
Decreasing the stock balances	-11,032,931	-18,372,029
Increase /decrease in the balances of commercial receivables and other receivables	-91,440,360	93,331,178
Increase in the balances of commercial debts and other debts	45,444,145	-63,276,486
Net cash flow generated by the operational activities	310,280,873	247,207,382
Interests received	31,069,444	25,360,292
Interests paid	-12,990,591	-6,653,324
Payments related to the employee participation to the profit	-6,018,084	-7,519,622
Paid tax on profit	-45,660,049	-41,761,408
Cash flow from operating activities	276,681,593	216,633,320
Dividends received	0	0
Sales of financial assets	-418,905	1,862,929
Collections from loans granted	997	0
Collections from the sales of tangible assets	2,672,826	88,202
Assets acquisition	-205,358,308	-151,509,814
Cash flow used in investment activity	-203,103,390	149,558,683
Loans repayments	-35,665,140	-15,914,810
Drawdowns of loans	47,650,000	0
Paid dividends	-110,057,208	-109,817,525
Capital increase	0	0
Share premium	0	0
Cash flow used in financing activity	-98,072,348	-125,732,335
Cash flow – total	-24,494,145	-58,657,698
Cash changes and cash equivalents		
Cash and cash equivalents at the beginning of the period	351,079,003	326,584,858
Cash changes and cash equivalents	-24,494,145	-58,657,698
Cash and cash equivalents at the end of the period	326,584,858	267,927,160

2. THE ANALYSIS OF TRANSGAZ ACTIVITY

The main economic and financial indicators achieved during the analyzed period reflecting the Company's performance are shown below:

Tag no.	Name of the indicator	31.12.2008	30.06.2009
1.	LIQUIDITY RATIOS		
	Current liquidity ratio	1,72	1,53
	Current assets/current liabilities		
	Immediate liquidity ratio	1,60	1,33
	(current assets – stocks)/current liabilities		
2.	RISK INDICATORS		
	The leverage ratio		
	a) Loan capital/equity	4,53	2,84
	b) Loan capital/ committed capital	4,33	2,76
3.	ACTIVITY RATIOS		
	Rate of client-days debit turnover		
	Average client balance x 180/ turnover	94,73	76,92
	Rate of supplier-days credit turnover		
	Average supplier balance x 180/Goods and services acquisitions	100,04	88,40
	Rate of fixed asset turnover		
	Turnover/fixed assets	0,42	0,21
		30.06.2008	30.06.2009
4.	EBIT (lei)	177,010,994	209,870,882
5.	EBITDA (lei)	218,849,756	273,575,217

Liquidity ratios show the amount of working capital available and its possibility of turning into liquidities in a short time in order to pay current liabilities. These ratios fall within the optimal range.

Risk indicators reflect the measure in which the company can face the payment obligations, the maximum debt capacity of the company highlighting the proportion between the long-term loans and the total funds advanced by the company in the economic circuit. The level of Transgaz's leverage is low, and the company covers its costs mostly from their own sources.

Activity ratios provide information on the rate of entry or exit of Company's cash flows and its capacity to control its working capital and its basic business activities. It is noted that during the analyzed period the receivables recovery duration and debt repayment duration have decreased.

3. CHANGES THAT AFFECTS THE CAPITAL AND COMPANY MANAGEMENT

3.1. Compliance with financial obligations

During 01.01.2009 – 30.06.2009, SNTGN TRANSGAZ S.A. has registered and paid the financial obligations to the state budget, insurance budget, local budgets and special funds, in terms established by the applicable legislation. The transfer situation for the first semester of 2009 is given below:

Tag no.	Bank transfer beneficiary	The amount transferred in the first semester of 2009
1.	State budget	166,917,732
2.	Insurance budget	44,267,856
3.	Local budgets	2,202,493
4.	Special funds	570,152
	Total	213,598,233

Also, during the first semester of 2009 the due rates for the committed credits were repaid on time, in a total amount of 36,513,777 lei.

3.2. Changes of the rights of security holder

Starting on January 24, 2008, SNTGN Transgaz S.A. Mediaș is an active presence on the capital market of Romania and its shares in number of 11,773,844 are listed on the Bucharest Stock Exchange, Class I.

Since the beginning of 2009 and by the end of the first semester of 2009, the company's shareholder structure and its part of the Transgaz's share capital, have recorded some modifications, as follows:

Shareholder structure on 01.01.2009		Shareholder structure on 30.06.2009			
Shareholder	Participation to the share capital	Shareholder	Participation to the share capital	Change	Notes
Ministry of Economy	73.51960 % (8,856,083 shares)	Ministry of Economy	73.51867% (8,655,973 shares)	- 0.00093 % (110 shares)	
Property Fund	14.98763% (1,764,620 shares)	Property Fund	14.98763% (1,764,620 shares)	No	
Other shareholders (free – float)	11.49277 % (1,353,141 shares)	Other shareholders (free – float)	11.4937 % (1,353,251 shares)	+ 0.00093% (110 shares)	Law no. 10/2001
TOTAL	100% (11,773,844 shares)	TOTAL	100% (11,773,844)		

We mention that the company has a share capital of 117,738,440 lei divided into a number of 11,773,844 shares, equally in value, each share having a nominal value of 10 lei.

The Transgaz S.A. shares are nominative and are issued in dematerialized form by their registration in the company's register of shareholders, kept by the register company SC Depozitarul Central S.A. Bucharest and gives equal rights to all shareholders.

Each share gives to its holder the right to one vote at the general meetings of shareholders and also entitles the shareholders to cash dividends proportionally to the number of shares held by them.

In the first semester of 2009, has been started the payment of the dividends to the Company's shareholders for the financial year ended on December 31, 2008, the gross value of the dividend being of 10.47 lei / share, as approved by Decision no. 1/28.04.2009 of Ordinary General Shareholders' Meeting.

There were no changes concerning the rights of security holders.

The changes occurred within this period are only those stipulated in the Tax Code and refer to the taxation of income obtained by natural and legal persons belonging to EU Member States, as a result of the financial instruments owned.

PRESIDENT
BOARD OF ADMINISTRATION
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Ioan Rusu

Economic Division
Director
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