

REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report according to the provisions of art. 227 of Law no. 297/2004
 Date of report: 13 November 2013
 Company name: SNTGN TRANSGAZ SA
 Headquarters: Medias, 1 Constantin I. Motas Square, code: 551130
 Telephone/fax: 0269-803333/0269-839029
 Tax identification code: RO13068733
 Trade Register number: J32/301/2000
 Subscribed and paid-up capital: 117,738,440 lei
 Regulated market trading issued securities: Bucharest Stock Exchange

QUARTERLY REPORT
ON TRANSGAZ ECONOMIC AND FINANCIAL ACTIVITY
 as of 30.09.2013
 (from 1 January - 30 September 2013)

The activity of the company is performed according to the objectives set under Government Resolution no. 334/May 2000 on the incorporation of the company. This report analyzes the indicators obtained in comparison with the indicators estimated in the income and expense budget approved by Government Resolution no. 302/29 May 2013.

The main economic and financial indicators for the period analyzed compared to the corresponding period of year 2012 are listed in the table below:

thousand RON

No.	Name	Achieved 1.01-30.09.2012	Achieved 1.01-30.09.2013	Indicators (%)
0	1	2	3	4=3/2x100
1.	Operating income	968,384	1,054,638	108.91
2.	Financial income	48,302	15,395	31.87
3.	TOTAL INCOME	1,016,686	1,070,033	105.25
4.	Operating costs	688,401	706,516	102.63
5.	Financial costs	19,638	117,859	600.16
6.	TOTAL COSTS	708,039	824,375	116.43
7.	GROSS PROFIT (row 3–row 6) of which:	308,647	245,658	79.59
	↳ from operation	279,983	348,122	124.34
	↳ from the financial activity	28,664	-102,464	X
8.	Income tax	54,414	86,183	158.38
9.	NET PROFIT	254,233	159,475	62.73

The total income obtained represents **105.25%** compared to the corresponding period of year 2012, which is higher by **53,347 thousand RON**. The increase of the income was due mainly to a capacity booking tariff higher than the capacity booking tariff for the corresponding period of the previous year.

From 1 January to 30 September 2013, compared to same period of the previous year, the income from international gas transit service decreased due to a lower RON/EUR, RON/USD respectively, average exchange rate.

Financial income was lower due to the decreasing of the bank deposits of the company compared to the corresponding period of the previous year.

The total costs were **116.43%** achieved compared to the same period of year 2012, which is higher by **116,336 thousand RON** and were influenced mainly by the setting of the tax on natural monopoly in the field of electricity and gas, according to Government Ordinance no. 5 of 22 January 2013, and also by the technological consumption gas procuring costs savings.

The financial costs were higher by 98,221 thousand RON due to the *financial assets depreciation provision (110,671 thousand RON), representing Transgaz's contribution to the share capital of Nabucco Gas Pipeline International GmbH, following the non-selection of the Nabucco West project as gas transmission route.*

As compared to the same period of year 2012, the **gross profit** is lower by **20.41%** (62,989 thousand RON) and the **net profit** is lower by **37.27%** (94,758 thousand RON).

Analysis of the economic and financial indicators achieved as of 30 September 2013, as compared to the income and expense budget approved by Government Resolution no. 302/29.05.2013

The synthesis of the financial results achieved as of 30 September 2013 is presented below:

thousand RON

No.	Name	IEB 1.01.-31.09.2013	Achieved 1.01.- 31.09.2013	Indicators (%)
0	1	2	3	4=3/2x100
1.	Operating income	1,023,132	1,054,638	103.08
2.	Financial income	34,413	15,395	44.74
3.	TOTAL INCOME	1,057,545	1,070,033	101.18
4.	Operating costs	865,182	706,516	81.66
5.	Financial costs	23,455	117,859	502.49
6.	TOTAL COSTS	888,637	824,375	92.77
7.	GROSS PROFIT (row 3- row 6) of which:	168,908	245,658	145.44
	⊕ from operation	157,950	348,122	220.40
	⊕ from the financial activity	10,958	-102,464	X
8.	Income tax	34,271	86,183	251.48
9.	NET PROFIT	134,637	159,475	118.45

The total income obtained represents **101.18%** compared to the IEB, which is higher by **12,488 thousand RON**.

The total costs were **92.77%** achieved compared to the approved schedule, which is by **64,262 thousand RON** lower than stated in the IEB.

The gross profit was **145.44%** achieved compared to the schedule, which is by **76,750 thousand RON** higher than stated in the IEB, and the **net profit** was **118.45%** achieved, which is by **24,838 thousand RON** higher than scheduled.

The syntheses of the balance sheet and the profit and loss account, as well as the main economic and financial indicators of the reporting period are presented in annexes 1-3.

The financial statements for the period 1 January – 30 September 2013 are not audited and were prepared according to the IFRS-EU.

DIRECTOR-GENERAL

Petru Ion Văduva

Chief Financial Officer

Ioan Ștefănescu

ANNEX no.1

The synthesis of the Statement of financial position as of 30.09.2013

No.	Name	31.12.2012	30.09.2013
1.	Assets		
	Non-current assets	3,343,576,609	3,236,648,942
	Current assets	562,247,238	543,843,024
	Total	3,905,823,847	3,780,491,965
2.	Equity and liabilities		
	Equity	2,987,576,449	2,896,386,016
	Non-current liabilities	562,947,424	577,340,913
	Current liabilities	355,299,974	306,765,034
	Total	3,905,823,847	3,780,491,963

The synthesis of the Statement of comprehensive income
01.01.2013 - 30.09.2013

No.	Name	30.09.2012	30.09.2013
	Operating income, of which:	968,383,765	1,054,638,147
	- income from the transmission activity	732,041,452	824,052,744
	- income from the transit activity	206,790,063	202,420,299
	Operating costs	688,401,162	706,516,317
1.	Operating profit	279,982,603	348,121,830
	Financial income	48,302,478	15,394,864
	Financial costs	19,637,780	117,858,491
2.	Financial profit	28,664,698	-102,463,627
	Total income	1,016,686,243	1,070,033,011
	Total costs	708,038,942	824,374,808
3.	Gross profit	308,647,301	245,658,203
4.	Income tax	54,414,761	86,183,370
5.	Net profit	254,232,540	159,474,833

**The main economic and financial indicators for
the 01.01.2013 - 30.09.2013 reporting period**

No.	Name	30.09.2013	Result
1.	Current ration	Current assets / Current liabilities	1.77
2.	Indebttness ratios		
2.1	Indebttness ratio 1	Borrowed capital / Equity	1.04%
2.2	Indebttness ratio 2	Borrowed capital / Capital employed	1.03%
3.	Days sales outstanding	Average balance clients x 273 / Turnover	86.99
4.	Non-current assets turnover	Turnover/ Non-current assets	0.318

THE NATIONAL GAS TRANSMISSION COMPANY „TRANSGAZ” S.A. MEDIAS

**STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE
INCOME FOR THE PERIOD 1 JANUARY- 30 SEPTEMBER 2013**

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

- UNAUDITED -

This version of our report is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

STATEMENT OF FINANCIAL POSITION
(expressed in RON, unless otherwise stated)

	<u>31 december 2012</u>	<u>30 september 2013</u>
ASSETS		
Non-current assets		
Intangible assets	2.495.791.792	2.496.708.355
Property, plant and equipment	742.427.911	712.067.270
Available for sale financial assets	<u>105.356.906</u>	<u>27.873.317</u>
	<u>3.343.576.609</u>	<u>3.236.648.942</u>
Current assets		
Inventories	35.827.551	33.698.822
Trade and other receivables	347.781.745	279.345.545
Cash and cash equivalents	<u>178.637.942</u>	<u>230.798.656</u>
	<u>562.247.238</u>	<u>543.843.023</u>
Total assets	3.905.823.847	3.780.491.965
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	117.738.440	117.738.440
Hyperinflation to share capital adjustments	441.418.396	441.418.396
Share premium	247.478.865	247.478.865
Other reserves	1.265.796.861	1.265.796.861
Retained earnings	<u>915.143.887</u>	<u>823.953.454</u>
	2.987.576.449	2.896.386.016
Non-current liabilities		
Long term borrowings	48.000.000	30.000.000
Provision for employee benefits	62.313.809	62.313.809
Deferred income	362.261.072	397.181.296
Deferred tax liability	<u>90.372.543</u>	<u>87.845.808</u>
	562.947.424	577.340.913
Current liabilities		
Trade and other payables	265.393.479	244.416.204
Provision for liabilities and charges	8.566.604	7.234.044
Current income tax liabilities	57.339.891	29.570.035
Short term borrowings	<u>24.000.000</u>	<u>25.544.751</u>
	<u>355.299.974</u>	<u>306.765.034</u>
Total liabilities	<u>918.247.398</u>	<u>884.105.947</u>
Total equity and liabilities	<u>3.905.823.847</u>	<u>3.780.491.963</u>

Director General
Ion Petru Văduva

Chief Financial Officer
Ioan Ștefănescu

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STATEMENT OF COMPREHENSIVE INCOME
(expressed in RON, unless otherwise stated)

	<u>1 January</u> <u>30 september 2012</u>	<u>1 January</u> <u>30 september 2013</u>
Gas transmission income	732.041.452	824.052.744
International gas transit income	206.790.063	202.420.299
Other income	<u>29.552.250</u>	<u>28.165.104</u>
	968.383.765	1.054.638.147
Depreciation	(123.129.963)	(135.898.210)
Wages, salaries and other employment related expenses	(208.217.233)	(211.587.290)
Gas, materials and consumables used	(109.576.049)	(84.537.527)
Royalty expense	(93.883.151)	(102.647.305)
Maintenance and transportation	(70.758.729)	(63.324.894)
Other employee benefits	(38.156.551)	(41.121.208)
Taxes and other State dues	(10.646.915)	(33.970.354)
Expenses with provision for liabilities and charges	(993.811)	1.332.561
Other operating expenses	<u>(33.038.760)</u>	<u>(34.762.090)</u>
Operating profit	279.982.603	348.121.830
Finance income	48.302.478	15.394.864
Finance costs	<u>(19.637.780)</u>	<u>(117.858.491)</u>
Finance income, net	28.664.698	(102.463.627)
Profit before tax	308.647.301	245.658.203
Income tax expense	<u>(54.414.761)</u>	<u>(86.183.370)</u>
Net profit for the period and total comprehensive income for the period	<u>254.232.540</u>	<u>159.474.833</u>

Director General
Ion Petru Văduva

Chief Financial Officer
Ioan Ștefănescu

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