



SOCIETATEA NAȚIONALĂ DE TRANSPORT
GAZE NATURALE "TRANSGAZ" SA MEDIAS
Capital social: 117 738 440,00 LEI
ORC: J32/301/2000; C.I.F.: RO13068733
P-ța C. I. Motaș nr. 1, cod: 551130, Mediaș, Jud. Sibiu
Tel.: 0040 269 803333, 803334; Fax: 0040 269 839029
http://www.transgaz.ro; E-mail: cabinet@transgaz.ro



CURRENT REPORT

According to the provisions of Article 224 of Law 297/2004

Date of report: **27 February 2013**

Name of issuing entity: **SNTGN TRANSGAZ SA MEDIAS**

Headquarters: **Mediaș, 1 Constantin I. Motaș Square, Sibiu County**

Telephone/fax number: **0269803333/0269839029**

Tax identification code: **RO 13068733**

Trade Register number: **J32/301/2000**

Subscribed and paid-up capital: **117.738.440 RON**

Regulated market trading issued securities: **Bucharest Stock Exchange**

According to the data stated in the Bucharest Stock Exchange Financial Calendar and to the provisions of the capital market law on the reporting to the capital market institutions and shareholders, SNTGN Transgaz SA of Mediaș presents to all those concerned the draft unaudited financial statements for year 2012, prepared according to the international financial reporting standards (IFRS).

Compared to year 2011, the draft financial results for year 2012 are as follows:

thousand RON

No.	Name	Achieved in 2011	Estimated for 2012	Indicators (%)
0	1	2	3	4=3/2x100
1	Total income	1.457.621	1.420.158	97,43
2	Turnover	1.336.979	1.327.987	99,33
3	Total costs	995.890	1.027.243	103,15
4	Gross profit	461.731	392.915	85,10
5	Income tax	77.393	111.874	144,55
6	Net profit	384.338	281.041	73,12

The **total income** estimated represents **97,43%** as compared to 2011, which is lower by **37.463 thousand RON**. The decreasing of the income was mainly due to:

- ✍ a lower quantity of transmitted gas amounting to approximately 547 million m³, as compared to 2011;
- ✍ the diminishing of other income based on the income from delayed payment fees charged to the clients.

As compared to 2011, increases were recorded regarding:

- ✍ income from international gas transit service due to the RON depreciation in 2012 against the EURO and the USD, considering that the income is invoiced in foreign currency.

The **total costs** estimated represent **103,15%** compared to 2011, being higher by **31.353 thousand RON**. They were influenced mainly by the provision for employee benefits, auxiliary material and depreciation expenses.

The **gross profit** is estimated at **392.915 thousand RON**, which is 68.816 thousand RON lower than the 2011 value, and the net profit represents **281.041 thousand RON**, being lower by 103.297 thousand RON.

The draft financial statements for year 2012 are audited and prepared according to the international financial reporting standards (IFRS) adopted by the European Union, under Order of the Minister of the Public Finances 881/25 June 2012.

The main accounting treatments used for the preparation of the IFRS financial statements, different from the ones used at the preparation of the financial statements, according to Order of the Minister of the Public Finances 3055/2009, are the following:

- ✍ **The application of IAS 29 “Financial reporting in hyperinflationary economies”**

Romania has passed through relatively high inflation periods and was considered to be hyperinflationary according to IAS 29 “**Financial reporting in hyperinflationary economies**”. IAS 29 required that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the pricing power on 31 December 2003. Since the characteristics of the economic environment in Romania indicate the ceasing of the hyperinflation, from 1 January 2004, the Company has no longer applied the provisions of IAS 29. Therefore, the values reported in terms of pricing power on 31 December 2003 are treated as a basis for the accounting values in the financial statements prepared according to the IFRS.

- ✍ **The application of IAS 12 “Income tax”**

According to IAS 12, if the recovery or the settlement of the accounting value of an asset or liability may lead to larger (or smaller) future tax payments compared to their value if such recovery or settlement had had no tax consequences, then there are recognized deferred tax liabilities (or deferred tax assets).

- ✍ **The application of IFRIC 12 “Service concession arrangements”**

IFRIC 12 addresses the infrastructure existing at the moment of the signature of the concession arrangement and also the upgrading and development of the gas transmission system, transferred to the regulatory authority (the National Agency for Mineral Resources) at the end of the concession arrangement.

Transgaz is entitled to charge the users of the public service and, consequently an intangible asset was recognised for this entitlement.

Since IFRIC 12 could not be applied retroactively, according to the transition requirements, on 31 December 2008 Transgaz recognised as intangible assets the outstanding value of the tangible assets of the National Transmission System used for the performing of the regulated transmission activity.

The Company tested the intangible asset recognised at that date without identifying any depreciation.

As they appear, the costs of the replacements are recognised as expense, and the development of the assets used within the Service Concession Arrangement are recorded at fair value. The intangible asset is depreciated over the remaining duration of the concession arrangement.

✎ The application of IAS 23 “Borrowing costs”

According to IAS 29, Transgaz includes the borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use in the cost of the asset. Where funds are borrowed for obtaining an asset that takes a substantial period of time to get ready for its intended use, the borrowing costs amount eligible for capitalisation is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the entity’s borrowings that are due over the period, other than the borrowings specific to the obtaining of an asset that takes a substantial period of time to get ready for its intended use.

✎ The application of IAS 16 “Non-current assets”

When drawing up the IFRS financial statements, Transgaz applies the following accounting treatment for tangible assets: a tangible asset item fulfilling the conditions for recognition as asset must be measured at its cost.

The draft financial statements for 2012 consist of:

- Balance sheet as of 31.12.2012;
- Profit and loss account as of 31.12.2012.

Chief Financial Officer

Ioan Stefanescu

Director – Strategy & Corporate Management Direction
Elisabeta Ghidiu