

**REPORT AND ISSUER IDENTIFICATION DATA**

Semestrial report according to the stipulations of art. 227 from Law no. 297/2004

Report date: 12 August 2011

Denomination of commercial company: SNTGN TRANSGAZ SA

Head office: Medias, P-ta Constantin I. Motas, nr.1, cod: 551130

Telephone/fax number: 0269-803333/0269-839029

VAT No.: RO13068733

Registration number with the Trade Register: J32/301/2000

Subscribed and paid share capital: 117,738,440 lei

Regulated market for the trading of issued securities: Bucharest Stock Exchange

**SEMESTRIAL REPORT**  
**ON THE ECONOMIC AND FINANCIAL ACTIVITY**  
**OF SNTGN TRANSGAZ SA at 30.06.2011**  
**(1<sup>st</sup> SEMESTER 2011)**

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

During the first semester of 2011, SNTGN Transgaz SA carried out its activity according to the operating permit no. 829/20 September 2007 issued by ANRE, approved by ANRE Decision no. 1398 and based on the economic and financial indicators stipulated in the revenues and expenditure budget for 2011 approved through GD no. 526/18 May 2011.

We mention that the financial statements at 30 June 2011 have not been audited.

**1.1.1. Balance sheet elements**

For the period 01.01.2011-30.06.2011, the situation of the balance sheet elements is the following:

Denomination of indicator	01/01/2011	30/06/2011	Differences
	RON	RON	RON
0	1	2	3=2-1
Intangible assets	497,791,432	495,159,142	-2,632,290
Tangible assets	2,731,187,567	2,706,060,897	-25,126,670
Financial assets	46,091,817	63,508,948	17,417,131
<b>Fixed assets</b>	<b>3,275,070,816</b>	<b>3,264,728,987</b>	<b>-10,341,829</b>
Inventories	27,654,123	40,668,851	13,014,728
Receivables	333,719,058	191,886,293	-141,832,765
Short term financial investments	171,851,407	517,214,556	345,363,149
Cash at bank and in hand	25,755,236	25,146,562	-608,674
<b>Denomination of indicator</b>	<b>01/01/2011</b>	<b>30/06/2011</b>	<b>Differences</b>

	RON	RON	RON
0	1	2	3=2-1
Advance expenses	1,540,861	4,794,530	3,253,669
Debts to be paid within one year's time	357,177,874	616,656,509	259,478,635
Net current assets, net current debts	203,263,326	162,960,691	-40,302,635
<b>Total assets minus net current debts</b>	<b>3,478,334,142</b>	<b>3,427,689,678</b>	<b>-50,644,464</b>
Debts to be paid in a period larger than one year	564,224,722	576,043,603	11,818,881
Provisions	31,249,312	31,759,705	510,393
Advance income	296,513,318	317,007,699	20,494,381
<b>Capital and reserves</b>			
Subscribed and paid share capital:	117,738,440	117,738,440	0
Share premium	0	0	0
Revaluation reserves	514,995,580	497,873,214	-17,122,366
Reserves	1,579,143,738	1,633,885,598	54,741,860
Reported profit or loss	-1,804,469	-1,804,469	0
Profit or loss of the financial year	376,352,986	255,279,480	-121,073,506
Profit appropriation	0	0	0
<b>Own capitals</b>	<b>2,586,426,275</b>	<b>2,502,972,263</b>	<b>-83,454,012</b>
Public equity	0	0	0
Capitals - total	<b>2,586,426,275</b>	<b>2,502,972,263</b>	<b>-83,454,012</b>

### *Intangible assets*

They recorded a decrease compared to the beginning of 2011 with the amount of 2,632,290 RON, because of their amortisation recorded during the Ist semester of 2011.

### *Tangible assets*

The tangible assets recorded a decrease compared to the beginning of 2011 with the amount of 25,126,670 RON, set mainly by the record as costs of their depreciation.

### *Financial assets*

During the 1<sup>st</sup> semester of 2011, the financial assets increased with 17,417,131 RON, increase explained through the transfer of the amount of 4,400,000 EUR as contribution to the share capital of Nabucco Gas Pipeline International Austria.

### *Inventories*

The inventories recorded an increase in the amount of 13,014,728 RON, compared to the beginning of 2011, set, on the one hand, by the finalisation of the purchase procedures of some consumables stipulated in the annual program of public procurement needed to carry out the maintenance activity, and, on the other hand, by the purchase and storage of the stock of 212,000 MWh natural gases that SNTGN Transgaz SA has the obligation to own according to ANRE Order no. 2/20.01.2011.

*Receivables*

On 30 June 2011, the receivables balance decreased compared to the end of 2010, with 141,833 thousand RON, because of the due receivables and of some outstanding receivables from S.C. Termoelectrica SA and SC Electrocentrale Bucuresti. In the period 01.01.2011-30.06.2011, the cashing from the clients were in the amount of 1,009,614,943 RON. We present as follows the table with the cashing from the main clients:

<b>No.</b>	<b>Client denomination</b>	<b>Amount in RON</b>
1.	GDF Suez Energy ROMANIA SA	249,668,478
2.	E.ON ENERGIE ROMANIA SA	199,078,988
3.	ELECTROCENTRALE BUCURESTI SA	121,803,800
4.	GAZPROM EXPORT	94,354,412
5.	INTERAGRO SA	88,858,532
6.	OMV PETROM GAZ SRL	51,293,242
7.	AZOMURES SA	44,220,021
8.	BULGARGAZ EAD	26,444,841
9.	ELECTROCENTRALE Galati	19,362,936
10.	CONEF GAZ SRL	15,806,989
	<b>TOTAL</b>	<b>910,892,239</b>

*Short term financial investments*

Due to the entry into force on 1 January 2010 of MFPO no.3055/2009, the short term bank deposits of the company were reclassified at short term financial investments.

These increased in the 1<sup>st</sup> semester of 2011 with 345,363,149 RON, due to the constitution as bank deposits of the amount needed to pay the dividends associated to 2010.

*Cash at bank and in hand*

On 30 June 2011, the money liquidities existing in bank accounts decreased compared to 31.12.2010, with the amount of 608,674 RON, decrease explained through the set-up of a larger volume of short term bank deposits.

*Short term debts*

The debts to be paid within one year's time increased compared to 31 December 2010, with the amount of 259,478,635 RON, increase explained through the appropriation at dividends of the net profit obtained in 2010 and the set-up of the dividends tax payment obligation.

*Long term debts*

The debts to be paid in period larger than one year recorded an increase compared to 2010, with the amount of 11,818,881 RON, explained through the increase of the balances of the loan contracted from BRD-GSG.

On 30 June 2011, the situation of medium and long term loans contracted by Transgaz is the following:

No.	Financing bank	Loan currency	Loan value	Balance at 30/06/2011
1.	BIRD	USD	6,933,684.00	1,152,908.39
2.	UNICREDIT TIRIAC ROMANIA	RON	100,600,000.00	26,473,682.00
3.	BRD GSG	RON	120,000,000.00	108,000,000.00

### *Own capitals*

The subscribed and paid share capital at 30 June 2011 maintained at the same value as per 31 December 2010.

The decrease of the own share capitals at 30 June 2011, compared to 31 December 2010, with the amount of 83,454,012 RON, is explained mainly through the appropriation at dividends, in a share of 90%, of the net profit obtained in 2010.

### **1.1.2. Profit and loss account**

The situation of the profit and loss account at 30/06/2011 is presented as follows (RON):

No.	Denomination of indicator	30/06/2010	30/06/2011
1.	<b>Net turnover</b>	<b>690,546,995</b>	<b>712,630,681</b>
	Operating income	710,207,789	744,938,913
	Operating expenditures	402,850,942	434,727,503
2.	<b>Operating profit or loss</b>	<b>307,356,847</b>	<b>310,211,410</b>
	Financial income	18,466,860	19,101,232
	Financial expenditure	11,013,564	24,180,629
3.	<b>Financial profit or loss</b>	<b>7,453,296</b>	<b>-5,079,397</b>
	Total income	728,674,649	764,040,145
	Total expenditures	413,864,506	458,908,132
4.	<b>Gross profit or loss</b>	<b>314,810,143</b>	<b>305,132,013</b>
5.	Profit tax	49,370,360	49,852,533
6.	<b>Net profit or loss</b>	<b>265,439,783</b>	<b>255,279,480</b>

**The total income** achieved represent **104.85%** compared to the achievements of the similar period of 2010, recording a surplus of **35,366 thousand RON**. The income increase is mainly due to:

- ☞ the increase of the quantity of natural gases transported with **3,693,600 MWh (369,770 thousand cm)**, respectively with **5.27%**;
- ☞ the cashing of delay penalties from Termoelectrica and Interagro, based on the enforcement of final rulings.

**The total expenditures** achieved were larger compared to the similar period of 2010 with **10.88% (45,044 thousand RON)** due, mainly, to the depreciation of the fixed assets commissioned after 1 June 2010 and the increase of the personnel expenditures, in compliance with the stipulations of GEO no.79/2008, respectively the correlation of the salary increases with the increase of labour productivity;

**In comparison with the achievements at 30 June 2010, the total income obtained in the first semester of 2011 increased with 4.85% and, as the total expenditures recorded an increase of 10.88%, the gross profit achieved at 30 June 2011 is lower than the profit recorded during the similar period of 2010 with 3.07% (9,678 thousand RON).**

### 1.1.3. Treasury cash flow statement

At 30 June 2011, the Treasury cash flow statement is presented as follows (RON):

Indicator	Date:	
	01/01/2011	30/06/2011
<b>Operational activities:</b>		
Net profit	376,352,986	255,279,480
Depreciation expenditure	135,266,706	73,571,462
Current asset provision expenditure/(income)	-36,031,162	-12,328,585
Losses from various debtors' receivables	42,051	2,502,656
Adjustments regarding the risk and expenditure provisions	-37,204	510,393
Effect of exchange rate variation	822,351	164,771
Interest income	-14,836,179	-6,529,932
Interest expenditures	5,462,109	4,336,019
Profit/Loss from tangible assets	1,698,382	1,068,687
Subsidies income	-8,672,862	-5,859,814
Profit tax	<u>75,151,535</u>	<u>49,852,533</u>
<b>The operating cash increase before the adjustments on the operating capital</b>	<b>535,218,713</b>	<b>362,567,670</b>
Increase/decrease of the inventory balances	5,067,192	-13,014,728
Increase/decrease in the balances of the trade receivables and other receivables	-77,775,621	145,259,565
Increase in the balances of the trade liabilities and other liabilities	<u>67,994,211</u>	<u>-44,748,735</u>
<b>Net cash flow generated by the operating activities</b>	<b>530,504,495</b>	<b>450,063,772</b>
Cashed interests	14,907,081	6,484,255
Paid interests	-4,921,337	-4,462,343
Payments associated to the employees' contribution to the profit	-7,808,325	-
Paid profit tax	<u>-78,819,502</u>	<u>-59,620,119</u>
<b>Cash flow from operating activities</b>	<b>453,862,412</b>	<b>392,465,565</b>
Purchases of financial assets	-27,000,415	-17,465,039
Sales of capital assets	354,662	39,410
Purchases of capital assets	<u>-401,570,430</u>	<u>-67,288,638</u>
<b>Cash flow used for investment activities</b>	<b>-428,216,183</b>	<b>-84,714,267</b>
Loan reimbursements	-28,619,232	-23,939,056
Loan drawings	75,500,000	44,500,000
Paid dividends	-152,831,849	-522,163

Subsidies (SNT access and investment subsidies)	81,249,215	16,918,693
<b>Indicator</b>	<b>Date:</b>	
	<b>01/01/2011</b>	<b>30/06/2011</b>
<b>Cash flow used for finance activities</b>	<b>-24,701,866</b>	<b>36,957,474</b>
<b>Cash flows - total</b>	<b>944,363</b>	<b>344,708,772</b>
<b>Cash and cash equivalence modifications</b>		
Cash and cash equivalences at the beginning of the period	196,566,265	197,510,628
Cash and cash equivalence modifications	944,363	344,708,772
<b>Cash and cash equivalences at the end of the period</b>	<b>197,510,628</b>	<b>542,219,400</b>

## 2. THE ANALYSIS OF THE ACTIVITY OF TRANSGAZ

The main economic and financial indicators achieved in the analysed period, reflecting the performance of the company, are presented as follows:

No.	Denomination of indicator	31/12/2010	30/06/2011
1.	<b>LIQUIDITY INDICATORS</b>		
	Current liquidity indicator	1.56	1.26
	Current assets/Current liabilities		
	Immediate liquidity indicator	1.49	1.19
	(Current assets - Inventories)/Current liabilities		
2.	<b>RISK INDICATORS</b>		
	Degree of indebtness indicator		
	a. Borrowed capital/Own capital	3.04	3.61
	a. Borrowed capital/Capital assets	2.95	3.48
3.	<b>ACTIVITY INDICATORS</b>		
	Debit turnover ratio - customers (days)	98.09	73.91
	Average customer balance *180/Turnover		
	Credit turnover ratio - suppliers (days)	38.90	33.23
	Average supplier balance *180/Turnover		
		<b>30/06/2010</b>	<b>30/06/2011</b>
4.	<b>EBIT (RON)</b>	<b>318,052,686</b>	<b>309,468,032</b>
5.	<b>EBITDA (RON)</b>	<b>383,912,270</b>	<b>383,039,494</b>

**Liquidity indicators** show the current capital volume available, as well as its availability to transform in liquidities for the payment of current liabilities in a short time. These indicators fit the optimum interval.

**Risk indicators** reflect the degree in which the company may cope with the payment obligations, the maximum degree of indebtness of the company and emphasise the proportion between the long term loans and the totality of the funds advanced by the

company within the economic circuit. The degree of indebtedness level of Transgaz is low, the company covering the expenses mainly from own sources.

**Activity indicators** supply information regarding the entry or exit speed of the cash flow of the company and its ability to control the current capital and its basic trading activities. It may be noticed that the receivables recovery duration, as well as the debt reimbursement duration decreased for the analysed period.

### 3. CHANGES AFFECTING THE CAPITAL AND THE ADMINISTRATION OF THE COMPANY

#### 3.1. Compliance with the financial obligations

Within the period 01.01.2011 -30.06.2011, Transgaz recorded and transferred the obligations to the state budget, the social security budget, the local budget and special funds, within the deadlines set forth by the law in force. We present as follows the situation of the transfers for the 1<sup>st</sup> semester of 2011:

No.	Transfer beneficiary	Amount transferred in the 1 <sup>st</sup> semester of 2011 (RON)
1.	State budget	278,518,367
2.	Social security budget	35,556,902
3.	Local budget	3,520,755
4.	Special funds	14,863,843
	Total	332,459,867

Moreover, in the 1<sup>st</sup> semester of 2011, all the due instalments for the contracted loans were timely reimbursed, in a total amount of 23,869 thousand RON.

#### 3.2. Changes of the securities owners' rights

Starting with 24 January 2008, SNTGN Transgaz SA Medias is an active presence on the capital market from Romania, its shares in the amount of 11,773,844 being traded on the Bucharest Stock Exchange, within the 1st category.

The structure of the company's shareholders and their contribution to the share capital of Transgaz, according to the latest Shareholders' Register is presented as follows at 30/06/2011:

The shareholders' structure on 30/06/2011	
Shareholder	Contribution to the share capital
Ministry of Economy, Commerce and Business Environment Bucharest	<b>73. 5097%</b> (8,654,917 shares)
SC Fondul Proprietatea SA Bucuresti	<b>14. 9876%</b> (1,764,620 shares)
Other shareholders (free-float)	<b>11. 5027%</b> (1,354,307 shares)
<b>TOTAL</b>	<b>100%</b> (11,773,844 shares)

We mention that the share capital of the company is 117,738,440 RON, divided in a number of 11,773,844 shares, equal in value, each share having the nominal value of 10 RON.

Transgaz shares are registered and issued as a dematerialised shares by recording them in the company's shareholders' register, kept by SC Depozitarul Central SA (Central Depository) Bucharest, and confer each shareholder equal rights.

Each share confers its owner the right to vote in the general shareholders' meeting, as well as the right to cash dividends in proportion with the number of shares owned by him/her.

In the 1<sup>st</sup> semester of 2011, Decision no. 6 from 10.06.2011 of the Ordinary General Shareholders' Meeting approved the payment, through the BRD Groupe Societe Generale units, of a gross dividend of 28.77 RON/share associated to the 2010 fiscal year to the shareholders registered until the date of 27 June 2011.

No changes occurred regarding the securities owners' rights.

**PRESIDENT OF THE BOARD OF DIRECTORS,  
VICTOR ALEXANDRU SCHMIDT**

**General Manager,  
Florin Cosma**

**Financial Manager,  
Radu Moldovan**