

**REPORT AND ISSUER IDENTIFICATION DATA**

Quarterly report according to the provisions of art. 227 of Law no. 297/2004

Date of report: 16 May 2016

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: RON117.738.440

Regulated market on which issued securities are traded: Bucharest Stock Exchange

**QUARTERLY REPORT**  
**ON THE ECONOMIC AND FINANCIAL ACTIVITY OF TRANSGAZ**  
**as of 31.03.2016**  
**(1 January – 31 March 2016)**

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 analyses the indicators obtained by SNTGN Transgaz SA Medias on 31 March 2016 compared to the corresponding period of the previous year and to the revenue and expense budget indicators approved by OGMS Resolution 1/21.03.2016.

\* thousand RON \*

No.	Name	Obtained between 1.01-31.03.2015	Obtained between 1.01-31.03.2016	Increase
0	1	2	3	4=3/2x100-100
1.	Operating revenue before the construction activity, according to IFRIC12	462.852	482.369	4%
2.	Revenue from the construction activity, according to IFRIC12	15.727	7.300	-54%
3.	Financial revenue	8.430	6.982	-17%
4.	Operating costs before the construction activity, according to IFRIC12	230.388	276.849	20%
5.	Cost of assets built according to IFRIC12	15.727	7.300	-54%
6.	Financial costs	2.184	2.135	-2%
7.	<b>GROSS PROFIT</b> , of which:	<b>238.710</b>	<b>210.367</b>	<b>-12%</b>
	• from operation	232.464	205.520	-12%
	• from the financial activity	6.246	4.847	-22%
8.	<b>Income tax</b>	<b>39.404</b>	<b>37.871</b>	<b>-4%</b>
9.	<b>NET PROFIT</b>	<b>199.306</b>	<b>172.496</b>	<b>-13%</b>

The operating revenue before the construction activity, according to IFRIC12 increased by 4% compared to 2015, which is higher by **RON 19.517 thousand**, due mainly to the higher revenue from the balancing activity and from the international transmission services based on the foreign exchange rates changes regarding the contract currency.

Starting with the fourth year of the third regulatory period (2015 – 2016), the total revenue at the basis of the tariff setting for the transmission activity is allocated 60% for the fix component and 40% for the volumetric component, which results in the redistribution of the transmission revenue as follows: the decreasing of transmission revenue in winter quarters, based on the lowering of revenue from the volumes transmitted, and the increasing of transmission revenue in summer quarters, based on the increasing of revenue from capacity booking, compared to the previous gas year.

The operating costs before the construction activity according to IFRIC12 increased by 20% as compared to Q I 2015, which is higher by **RON 46.461 thousand**, due mainly to higher gas transmission system technological consumption and loss costs, balancing activity costs and costs for the adjustments for the current assets depreciation.

As compared to 31 March 2015 the gross profit achieved in Q I 2016 is lower by 12%, meaning **RON 28.343 thousand**.

**Analysis of the financial and economic indicators obtained at 31 March 2016 compared to the revenue and expense budget approved by OGMS Resolution 1/21.03.2016**

The main financial and economic indicators obtained between 1.01. and 31.03.2016, compared to revenue and expense budget indicators, are presented in the following table:

*\* thousand RON \**

No.	Name	REB 01.01-31.03.2016	Obtained between 1.01-31.03.2016	Increase
0	1	2	3	4=3/2x100-100
1.	Operating revenue before the construction activity, according to IFRIC12	476.224	482.369	1%
2.	Revenue from the construction activity, according to IFRIC12	0	7.300	X
3.	Financial revenue	7.522	6.982	-7%
4.	Operating costs before the construction activity, according to IFRIC12	347.771	276.849	-20%
5.	Cost of assets built according to IFRIC12	0	7.300	X
6.	Financial costs	1.449	2.135	47%
7.	<b>GROSS PROFIT</b> , of which:	<b>134.526</b>	<b>210.367</b>	<b>56%</b>
	• from operation	128.453	205.520	60%
	• from the financial activity	6.073	4.847	-20%
8.	<b>Income tax</b>	<b>21.126</b>	<b>37.871</b>	<b>79%</b>
9.	<b>NET PROFIT</b>	<b>113.400</b>	<b>172.496</b>	<b>52%</b>

**Operating revenue before the construction activity, according to IFRIC12** increased by **RON 6.145 thousand** as compared to the REB. The revenue was influenced by the increase of the revenue from the transmission activity and the increase of the revenue from the international gas transmission services based on the foreign exchange rates changes regarding the contract currency and also due to the failure to attain the income generated by the balancing activity.

**Operating costs before the construction activity, according to IFRIC12** decreased by **20%** as compared to the programme approved, which is lower by **RON 70.922** thousand compared to the REB mainly due to the balancing activity cost savings, auxiliary materials cost savings and third party works and services cost savings.

**The gross profit increased by 56% as compared to the programme, which is higher by RON 75.841 thousand as compared to the REB, and the net profit increased by 52% as compared to the programme, which is higher by RON 59.095 thousand as compared to the REB.**

The syntheses of the Statement of financial position and of the Statement of comprehensive income, 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 – 31 March 2016 are not audited and were prepared according to the IFRS-EU.

**DIRECTOR-GENERAL**  
**Petru Ion Văduva**

**Chief Financial Officer**  
**Marius Lupean**

**ANNEX 1****The synthesis of the Statement of financial position as of 31.03.2016****\*RON\***

No.	Name	31.12.2015	31.03.2016
<b>1.</b>	<b>Assets</b>		
	Non-current assets	3.814.118.021	3.776.985.078
	Current assets	1.137.316.263	1.351.036.960
	<b>Total</b>	<b>4.951.434.284</b>	<b>5.128.022.038</b>
<b>2.</b>	<b>Equity and liabilities</b>		
	Equity	3.569.237.972	3.741.734.069
	Non-current liabilities	1.104.863.141	1.090.882.589
	Current liabilities	277.333.171	295.405.380
	<b>Total</b>	<b>4.951.434.284</b>	<b>5.128.022.038</b>

**ANNEX 2****The synthesis of the Statement of comprehensive income  
01.01.2016 - 31.03.2016****\*RON\***

No.	Name	31.03.2015	31.03.2016
	Operational revenue before the construction activity according to IFRIC12, of which:	462.851.676	482.368.683
	- revenue from the domestic transmission activity	370.401.862	371.374.491
	- revenue from the international transmission activity	78.770.281	80.548.213
	- revenue from the balancing activity	-	17.522.541
	Operational cost before the construction activity according to IFRIC12	230.387.977	276.848.795
<b>1.</b>	<b>Operational profit before the construction activity according to IFRIC12</b>	<b>232.463.699</b>	<b>205.519.888</b>
	Revenue from the construction activity according to IFRIC12	15.727.271	7.300.188
	Cost of assets built according to IFRIC12	15.727.271	7.300.188
<b>2.</b>	<b>Operating profit</b>	<b>232.463.699</b>	<b>205.519.888</b>
	Financial revenue	8.429.705	6.982.120
	Financial costs	2.183.735	2.134.877
<b>3.</b>	<b>Financial profit</b>	<b>6.245.970</b>	<b>4.847.243</b>
<b>4.</b>	<b>Gross profit</b>	<b>238.709.669</b>	<b>210.367.131</b>
<b>5.</b>	Income tax	39.403.863	37.871.034
<b>6.</b>	<b>Net profit</b>	<b>199.305.806</b>	<b>172.496.097</b>

**ANNEX 3****The main economic and financial indicators for  
the 01.01.2016 - 31.03.2016 reporting period**

<b>No.</b>	<b>Name</b>	<b>31.03.2016</b>	<b>Result</b>
1.	Current ratio	Current assets / Current liabilities	4,57
2.	Indebtness ratios		
2.1	Indebtness ratio 1	Borrowed capital / Equity	0
2.2	Indebtness ratio 2	Borrowed capital / Capital employed	0
3.	Days sales outstanding	Average balance clients x 90 / Turnover	93,56
4.	Non-current assets turnover	Turnover/ Non-current assets	0,124