

Nr. 9102 / 27.03.2014



## Report

### on approval of loss coverage that is due to first-time implementation of IAS 29

SNGN ROMGAZ SA was the issuer within a secondary initial public offering through which the majority shareholder traded 15% of SNGN ROMGAZ SA shares on the Bucharest Stock Exchange and London Stock Exchange, the time of admission to trading on a regulated market was November 12, 2013.

Further to the admission to trading on a regulated market, SNGN ROMGAZ SA, as a company whose securities were admitted to trading on a regulated market, is obligated to prepare the financial statements in accordance with the International Financial Reporting Standards (IFRS).

*Excerpt of the Order of the Ministry of Public Finance no. 881/2012: "Beginning with fiscal year 2012, companies whose securities are admitted to trading on a regulated market are required to apply International Financial Reporting Standards (IFRS) in preparing the individual annual financial statements"*

On December 31, 2013 SNGN ROMGAZ SA prepared the annual financial statements in accordance with the International Financial Reporting Standards (IFRS) considering the provisions of OMFP 8S1/2012 for applying the International Financial Reporting Standards by the companies whose securities are admitted to trading on a regulated market.

For preparing the financial statements the International Financial Reporting Standards (IFRS) were applied, including the International Accounting Standard 29 (IAS 29) - "Financial Reporting in Hyperinflationary Economies".

In hyperinflationary economy without restatement is not useful the reporting of results of operations and financial position in local currency. Money lose purchasing power in such a degree that comparing the values that result from transactions and other events that have occurred at different times, even within the same accounting period, is misleading.

Capital social: 385.422.400 RON

CIF: RO 14056826

Nr. Ord.reg.com/an : J32/392/2001

RO08 RNCB 0231 0195 2533 0001 - BCR Medias

RO12 BRDE 3305 V024 6190 3300 - BRD Medias



S.N.G.N. Romgaz S.A.  
551130, Piața Constantin Moțaș, nr.4,  
Medias, jud. Sibiu - România  
Telefon 004-0269-201020  
Fax 004-0269-846901  
E-mail secretariat@romgaz.ro  
www.romgaz.ro

Taking into account the fact that until December 31, 2003, the Romanian economy crossed a hyperinflationary period, the share capital existing in the company's accounting on the date of preparing the financial statements resulting from operations prior to the December 31, 2003, was adjusted.

Further the inflation adjustment of capital existing in balance on the date of preparing the financial statements in accordance with IFRS, resulting from operations prior to the December 31, 2003, a capital increase of 1,507,259,098.07 RON resulted from inflation, separately registered in the account 1028 "Capital adjustments", in correspondence with the account 118 "Retained earnings due to the adoption of IAS for the first time", thus generating a loss carried forward of 1,507,259,098.07 RON.

*Excerpt of the Order of Ministry of Public Finance no. 1690/2012 and OMFP 213/2013, with amendments to OMFP 1286/2012:*

*129<sup>A</sup>1. – The accounting loss carried forward from the transitions to the IFRS application, due to the adoption of IAS 29 for the first time, as well as resulting from the use of the date of transition to IFRS implementation, the fair value as deemed cost is covering the equity, according to Decision of the General Meeting of Shareholders, with the legal provisions.*

*129<sup>A</sup>2. – in applying these regulations equity, shareholders equity that can be used to cover losses over include the amounts reflected in the loan account 1018«Adjustments of Capital ».*

Taking into account the provisions of OMFP 1690/2012 and 213/2013 amending the OMFP 1286/2012 "for the approving the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to companies whose securities are admitted to trading on a regulated market" (item 129<sup>A</sup>1 and item 129<sup>A</sup>2), we hereby propose that the loss carried forward of 1,507,259,098.07 RON to be covered from equity, namely from the same amount which generated this loss carried forward:

Account	Description of the account	Amount
1028-01	Adjustment of capital – credit balance	(1,507,259,098.07)
118-01	Retained earnings due to the adoption of IAS for the first time – debit balance (loss)	1,507,259,098.07

**Chairman of  
the Board of Directors  
Aurora Negrut**

