



CNTEE TRANSELECTRICA SA

1st SEMESTER REPORT

January – June

2015

	Key figures	1
	Financial data	2
	Operational data	7
	Investments	10
	Significant events	12
	Other issues	15
	Annexes	21

**HALF-YEARLY REPORT ON THE ECONOMIC – FINANCIAL ACTIVITIES OF THE CNTEE
TRANSELECTRICA SA**

**According to the provisions of article 227 of Law 297/2004 on the capital market and of
Annex 31 from Regulation 1/2006 of the CNVM issued by the National Securities
Commission, currently the Financial Supervision Authority (ASF)**

for the period ended on 30 June 2015

Date of the report:	14 August 2015
Name of trading company:	CNTEE TRANSELECTRICA SA, company managed under two tier system
Registered headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru 33, postal code 010325
Working location:	Bucharest 3, Str. Olteni 2-4, postal code 030786
Phone / fax numbers:	004021 303 5611 / 021 303 5610
Code with the OCR:	13328043
Number in the RC:	J40/8060/2000
Date of Company establishment:	31.07.2000 / GEO 627
Share capital:	733,031,420 Lei, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange (BSE), category I
Main characteristics of the issued securities:	73,303,142 shares of 10 Lei / share nominal value in dematerialised, nominative, ordinary, indivisible, freely transacting form as of 29.08.2006 under the symbol TEL 20,000 bonds of 10,000 Lei / bond nominal value, which are nominative, dematerialised unsecured bonds transacted on the BSE, Credit Titles, Category 3 Corporate bonds under the symbol TEL 18, maturity date 19.12.2018
Total market value:	1,861,166,775.38 Lei (25.39 Lei / share on 30.06.2015)
Applied accounting standard:	International financial reporting standards
Audit:	The financial statements elaborated on 30.06.2015 have not been audited

STATEMENT OF RESPONSIBLE PERSONS

In accordance with article 113, letter D, par 1 of Regulation 1 / 2006 of the CNVM added by Regulation 31/ 2006, we declare as follows:

- To the best of our knowledge the financial-accounting statements for the 6 months' period ended 30 June 2015 have been prepared in accordance with the applicable accounting standards (International Financial Reporting Standards as approved by the European Union) and they provide fair accurate image of the assets, liabilities, financial position, profit and loss account of the CNTEE Transelectrica SA
- This report includes accurate complete information about the economic-financial situation and the activities of the CNTEE Transelectrica SA

Bucharest, 14 August 2015

Directorate,

Ion-Toni TEAU	Constantin VĂDUVA	Octavian LOHAN	Ion SMEEIANU	Cătălin Lucian CHIMIREL
Directorate Chairman	Directorate Member	Directorate Member	Directorate Member	Directorate Member



Key figures

KEY FIGURES

FINANCIAL		
1,426 Mill. Lei	▲ 8.1% y/y	Revenues
410 Mill. Lei	▼ 2.4% y/y	EBITDA
210 Mill. Lei	▼ 7% y/y	Net profit
26.27 TWh	▲ 3.2% y/y	Billed energy **
INVESTMENTS		
54.1 Mill. Lei	▼ 43% y/y	Procuring property, plant & equipment & intangible assets
28.4 Mill. Lei	▼ 81% y/y	Non-current assets recorded in accounting books

OPERATIONAL		
2.59* %	▲ 6.7% y/y	Technical losses
20.56 TWh	▲ 1.5% y/y	Transmitted energy***

CPT Technological consumption (losses)

* The share of technological losses in the amount of electricity input into the transmission network (carried energy)

** Billed quantity is defined by the amount of electricity taken out of electric networks of public interest (both the transmission and the distribution grids) less the electricity exports,

*** Transmitted energy is defined by the amount of energy physically carried in the transmission grid



Financial data

The synthesis of financial results on 30 June 2015 is provided in the tables below. The financial results have not been audited and their extended variant of the same period is provided in the Annexes to this Report.

Separate profit and loss account		
Million Lei	H1 2015	H1 2014
Billed volume of energy (TWh)	26.27	25.45
PROFIT ALLOWED ACTIVITIES		
Operational revenues	743	691
Operational costs	300	304
EBITDA	443	387
Amortisement	160	171
EBIT	282	216
ZERO PROFIT ACTIVITIES		
Operational revenues	684	627
Operational costs	716	594
EBIT	-32	33
ALL ACTIVITIES (ALLOWED and ZERO-PROFIT)		
Operational revenues	1,426	1,319
Operational costs	1,016	898
EBITDA	410	421
Amortisement	160	171
EBIT	250	250
Financial result	-2	20
EBT (gross profit)	249	269
Income tax	-38	43
Net profit	210	226

Separate financial position statement		
Million Lei	30.06.2015	31.12.2014
Non-current assets		
Property, plant & equipment	3,274	3,388
Intangible assets	37	40
Financial assets	57	57
Total	3,367	3,484
Current assets		
Inventories	35	36
Trade and receivables	714	1,056
Cash and cash equivalents	887	865
Total	1,637	1,957
TOTAL ASSETS	5,004	5,441
Shareholders' equity	2,819	2,813
Non-current liabilities		
Borrowings	710	792
Other liabilities	566	610
Total	1,275	1,402
Short term liabilities		
Borrowings	186	201
Other liabilities	723	1,025
Total	909	1,226
Total liabilities	2,185	2,628
EQUITIES and LIABILITIES	5,004	5,441

OPERATIONAL RESULTS

Billed volume of energy

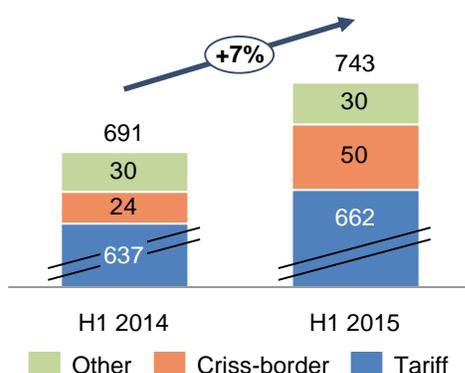
From January to June 2015 the electricity quantity billed for services provided on the electricity market grew **3.2%** as to the billed quantity of the same period last year (26.27 MWh, increasing from 25.45 MWh in S1 2014).

Operational revenues

Revenues obtained in the first semester of 2015 increased **8.1%** compared to the same period last year (1,426 mill Lei in S1 2015 from 1,319 mill Lei in S1 2014), increases being recorded for both operational segments (allowed and zero-profit activities).

The **profit allowed activities** registered 7.4% revenue increase (743 mill Lei from 691 mill Lei in S1 2014), sustained by higher electricity volumes carried in the electric networks within the SEN, mainly against the background of greater electricity exports. Besides the revenues from the transmission fees charged at energy input (exported) to networks, the higher exports enhanced the competitive tension on the market allocating the cross-border interconnection capacities (especially along the Hungarian and Serbian borders), which resulted in significant 110% revenue increase from the allocation of interconnection capacities compared to the same period last year.

Operational revenues of allowed profit activities
(Mill. Lei)



* includes the revenues from transmission rates and from the tariffs of functional system services

Total revenues from **zero-profit activities** increased 8.9% (684 mill. Lei from 627 mill. Lei in S1 2014) determined by the significant 22.6% growth of revenues from balancing market administration, thus compensating the slight 2.6% decrease in the technological system services.

In the first six months of 2015 revenues from technological system services dropped approximately 9 mill. Lei against the results of semester I of 2014, mainly determined by the reduction of the applicable rates as of 01 July 2014.

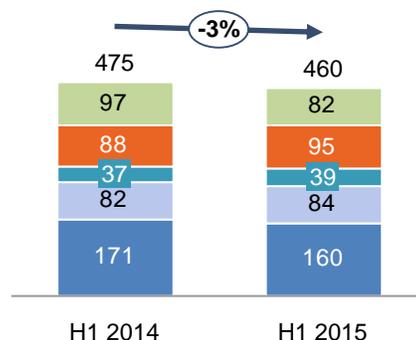
Order 93 / 2015 of ANRE was published in June 2015, which set the regulated rates for electricity transmission and for system services applicable beginning with July 2015. This order had no effect on the revenues recorded in the first semester of 2015.

Operational expenses

Expenses (including amortisation) made during the first semester of 2015 grew **10%** compared with the same period last year (1,176 mill. Lei from 1,069 mill Lei).

Expenses in the **profit allowed activities** segment (exclusive of amortisation) recorded **1.4%** increase (300 mill Lei from 304 mill Lei).

Operational costs of profit allowed activities
(Mill. Lei)

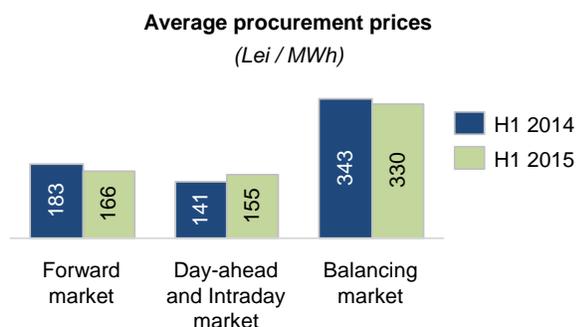


Other
Network losses
Maintenance
Personnel
Depreciation and Amortization

CPT (technological losses): the total cost to procure the electricity necessary to cover the technological losses grew 7.1% in S1 2015 compared to S1 2014.

In quantitative terms the technological losses increased (from 492 GWh in S1 2014 to 532 GWh in S1 2015; in absolute magnitude from 2.42% in S1 2014 to 2.59% in 2015 compared to the energy input into the grid), mainly against the background of increased share of energy transmitted within the RET, owing to the import / export flows that were much worse in terms of technological losses and increasing the share of energy from renewable sources (from 3.8 TWh in H1 2014 to 5.2 TWh in H1 2015).

In the first semester of 2015 the average unit cost was 2% lower than in the same period of 2014, respectively 177.7 Lei / MWh in S1 2015 compared to 181.4 Lei / MWh.



Zero-profit activities recorded approximately **20.5%** growth (716 mill Lei from 594 mill Lei in Q1 2014), determined by the increase of expenses both on the balancing market and when procuring the necessary power reserves in order to keep the balance of the national power system (the purchase prices of most power reserves necessary to provide technological system services are set by ANRE for Transelectrica).

Operational profit

EBITDA dropped approximately **2.4%** compared to the same period of 2014 (410 mill Lei in S1 2015 from 421 mill. Lei in S1 2014), which reduction was mainly determined by the influence of zero profit activities.

Profit allowed activities registered a positive result that was 14.3% higher than what was

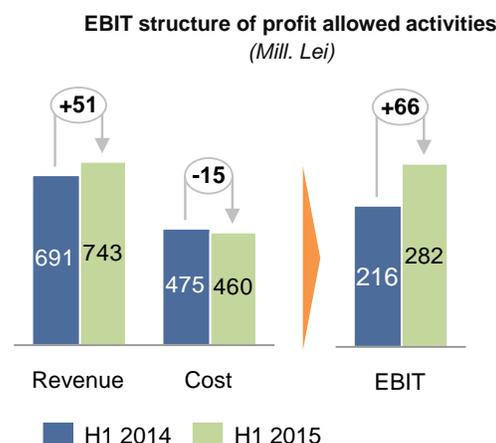
obtained in the same period of 2014 (443 mill Lei against 387 mill Lei in the previous year).

Zero-profit activities recorded negative result of 32 mill Lei in comparison with S1 2014 (a 33 mill Lei positive result).

The non-null result (loss) of zero-profit activities was determined by some temporary imbalance between the procurement costs of system reserves and the revenues which are obtained from the rates charged for technological system services.

Also the net result corresponding to technological system services got negative impact from ANRE's adjustment of the tariff for technological system services (▼5.6%, 12.54 Lei / MWh in July 2014 as against 13.28 Lei / MWh in January 2014), which was applicable in the reporting period and incorporated the negative correction established on 1 July 2014.

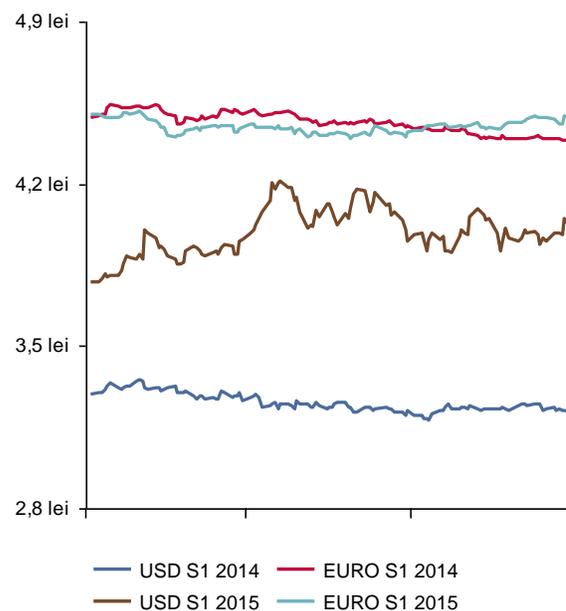
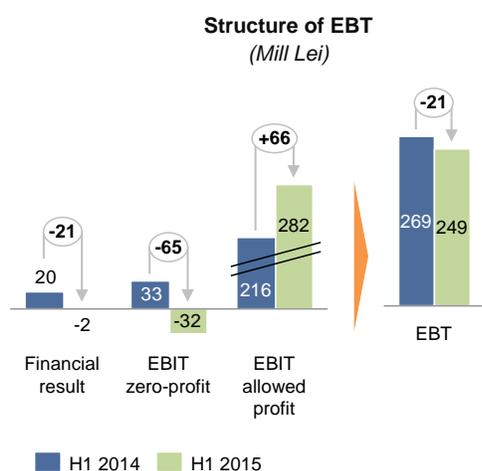
EBIT recorded some slight increase of about **0.2%** (250.2 mill Lei from 249.7 mill Lei), which was mainly due to the segment of profit allowed activities where EBIT grew 30.5% (from 216 mill Lei in S1 2014 to 282 mill Lei in S1 2015) when negative result of 32 mill Lei was recorded for zero profit activities.



Gross income

Income before tax decreased approximately **7.8%** in comparison with S1 2014 (249 mill Lei from 269 mill Lei).

The difference between the profit registered in S1 2015 and in S1 2014, broken down by the constitutive elements of profit, is provided below.



Net income

Income after tax registered about **7%** decrease compared to Jan - June 2014 (210 mill Lei from 226 mill Lei).

FINANCIAL RESULT

The net financial result recorded in S1 2015 was negative (2 mill Lei), determined by 33% decrease both in the revenues from currency exchange differences and in those from interest rates and by the 94% growth of expenses with exchange rate differences.

[mill Lei]	S1 2015	S1 2014
Financial revenues	30.1	47.1
Revenues from interest rates	6.7	10.0
Revenues from exchange rate differences	15.8	23.6
Other financial revenues	7.6	13.4
Financial expenses	-31.8	-27.3
Expenses of interest rates	-15.0	-18.6
Expenses of exchange rate differences	-16.8	-8.6
Net financial result	-1.7	19.8

The development in the Leu / Euro and Leu / USD exchange rates in the first semester of 2015, respectively of 2014, is provided below.

FINANCIAL POSITION

Non-current assets

Non-current assets decreased 3.3% in S1 2015 against a background of investments, which were smaller than the amortisement of non-current assets.

Current assets

These recorded 16.4% drop in the first three months of 2015 from 1,957 mill Lei to 1,637 mill Lei, determined by significant 32.4% decrease of receivables from 1,056 mill Lei to 714 mill Lei. The decrease of receivables was determined by the Company's collecting 142,2 mil Lei in 1 January – 30 June 2015, representing over-compensation for 2011 - 2013, mainly from SC Electrocentrale Bucharest SA, Electrocentrale Oradea and SC Termo Calor SA.

On 30 June 2015 the Company registered trade receivables amounting to 117.2 mill Lei from the 2011-2013 over-compensation as follows- from RAAN 63.5 mill Lei; from CET Govora SA 53.7 mill Lei, and from SC Termo Calor SA 1,495 Lei.

Liabilities

Long term liabilities recorded about 9% decrease in S1 2015 from 1,402 mill Lei to 1,318 mil Lei, mainly determined by the reimbursement of the

principal portions from 792 mill Lei to 710 mill Lei on 30 June 2015.

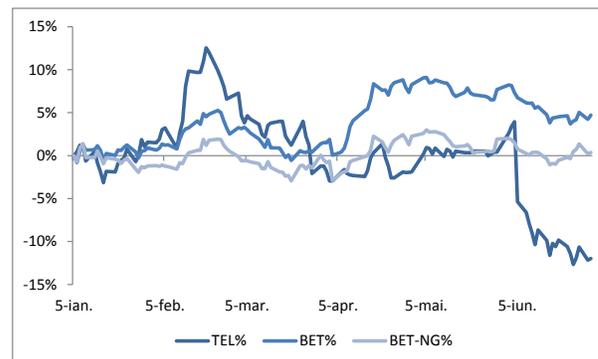
Short term liabilities recorded about 25.8% decrease on 30 June 2015 from 1,226 mill Lei to 909 mill Lei, determined by the lower liabilities to the suppliers on the electricity market. Such decrease of liabilities to the suppliers on the electricity market was determined by diminished transactions on the balancing market and by the payment liabilities on balance on 30 June 2015 on the electricity market compared to 31 December 2014, when also the cogeneration bonus unpaid to suppliers amounting to 70.2 mill Lei (38.7 mill Lei on 31 December 2014) increased. In addition the reduced balance of asset suppliers on 30 June 2015 against 31 December 2014 resulted from the payment of outstanding invoices on balance on 31 December 2014 at the beginning of 2015.

Shareholders' equities

Shareholders' equities recorded 0.2% increase, mainly determined by the positive performance of the financial year, credited in the retained earnings.

EVOLUTION OF SHARES

(31-Dec-2014 to 30-June-2015)



In the first semester of 2015 the Transelectrica share (BSE symbol: TEL) decreased 12.0% in comparison with the value recorded on 31 December 2014, mainly because of the dividend value being included in the share price. Thus when the ex-date passed (05.06.2015) the share value recorded significant 9% decrease. Also such drop in the price of TEL shares was owed to the contagious effect of European capital market determined by socio-economic events in Greece.

DIVIDENDS

In 2014 a gross dividend per share of 2.8033 Lei was approved and payment began on 29 June 2015. The dividend was calculated observing the incident legislation on profit distribution in companies with majority state capital based on 75% distribution rate.

Total dividend distributed:	205 mill Lei
Dividend per share:	2.8033 Lei
Ex-dividend date:	5 June 2015
Payment date:	29 June 2015



Operational data

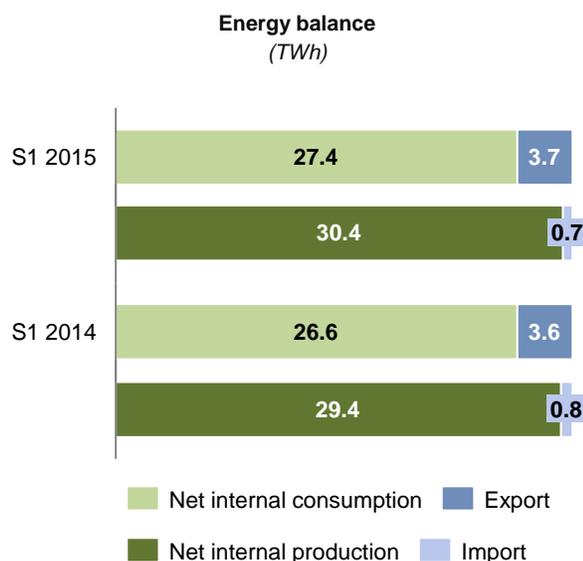
ENERGY BALANCE IN THE SEN

In the first semester of 2015 the net power output increased about 4% compared to the same period of 2014, mainly determined by the higher domestic consumption and higher cross-border export exchanges.

The net internal consumption¹ increased 3% compared to the same period last year.

Cross-border physical exchanges for export increased 3% in the first six months of 2015 compared to 2014, while the import flows decreased about 16%.

The significant increase in energy exports in the first quarter of 2015 (+ 26% compared to Q1 2014) was offset by lowering the amount exported in the second quarter (-17% compared to Q2 2014) mainly to Bulgaria and Serbia.

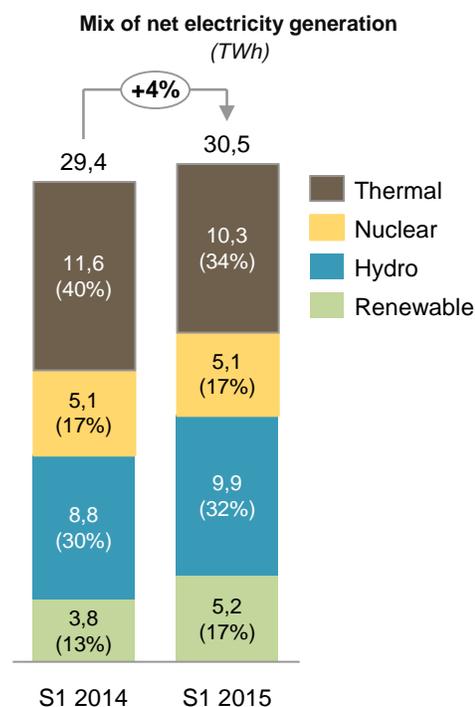


¹ Values do not include the consumption of auxiliary services from the electricity generating power plants;

The net consumption includes the losses from the transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations

GENERATION MIX

During S1 2015 compared to S1 2014 the component of renewable energy (wind, biomass, photovoltaic) increased 4.1% and the hydropower component grew about 2.5% to the detriment of the thermal generation that decreased 5.8%. In comparison with the first semester of 2014 the energy generated from renewable sources increased 1.4 TWh due to the extended generation capacities and given the lower costs of energy generation.



NATIONAL GENERATION FLEET

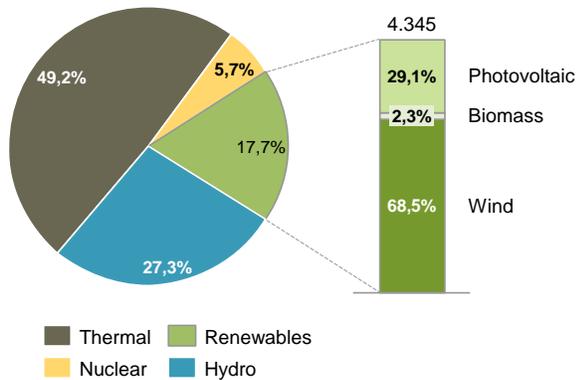
In the first six months of 2015 the gross installed capacity in electric power plants increased 2.1% as compared to the same period last year.

A significant change in the installed capacity came from the more than 430 MW increase in renewable

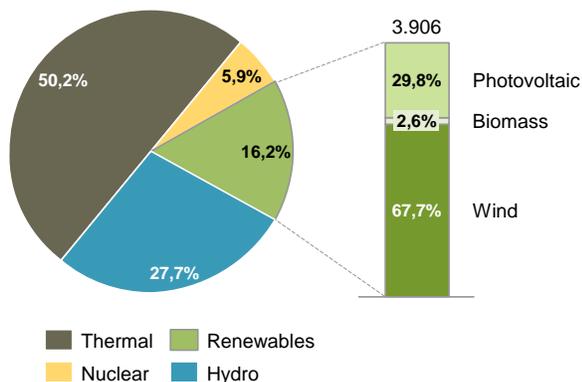
power parks from 3,906 MW installed at the end of the first semester of 2014 to about 4,345 MW installed on 01 July 2015.

The dynamics of installed capacity associated to the first semester of 2015, respectively of 2014, is provided below:

Installed capacity in S1 2015 (24,582 MW, gross value)



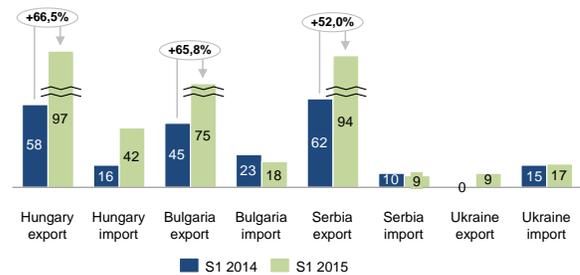
Installed capacity in S1 2014 (24,043 MW, gross value)



CROSS-BORDER FLOWS

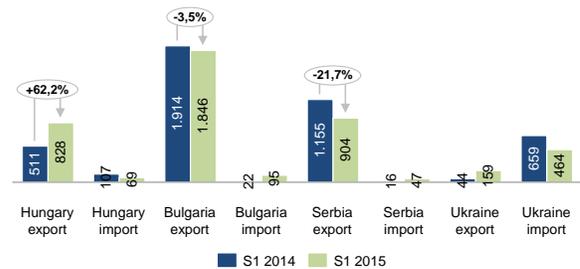
Globally, cross-border flows recorded significantly increase in the exports to Hungary, Serbia and Bulgaria, the main reasons being the lower electricity price on the Romanian market and the export operations towards the more expensive markets from Hungary or the Balkans. No import / export operations were recorded with the Republic of Moldova in the first half of 2015 and neither in the similar time interval of 2014.

Total allocated capacity (%)



Physical flows, both import and export on every border, are provided below.

Physical flows (GWh)



One can notice significant 62% increase of the quantity exported to Hungary in comparison with the same period of 2014.

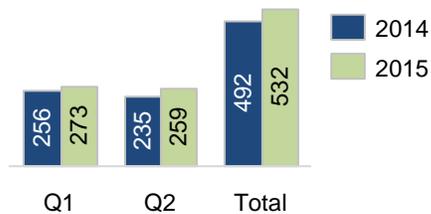
TECHNOLOGICAL CONSUMPTION (LOSSES)

In the first six months of 2015 the quantity associated to CPT (technological losses) grew 8.3% compared to the same period last year. The import / export flows were much more disadvantageous in terms of the CPT compared to last year. The export, respectively import on the borders with Bulgaria and Serbia decreased under circumstances when generation increased in the southern part of the country. The excess energy was directed to export, which grew prevailing along the borders with Hungary and Ukraine. Export grew 62% on the Hungarian border, while import remained insignificant. Also imports dropped along the Ukrainian border, respectively exports grew. In correlation with the change in the domestic generation structure (the share of the

output introduced into the RET increased 4%) and with the changes in the import / export structure (export grew about 3%, import dropped about 16%), the energy input into the outline increased compared to the similar period of 2014, which led to greater losses. The output structure was not beneficial as generation decreased in the power plants found in deficit areas (gas-fired ones and the hydropower plants with storage lakes) with corresponding increase in the excess areas (in the South, HPP Iron Gates, in the coal-fired plants from Oltenia and in the east, plants that produce energy from renewable sources). Also the outer temperature registered in the first semester of 2015 was 1.3 Celsius degrees higher, determining thus the increase losses.

Development of CPT (losses)

(GWh)

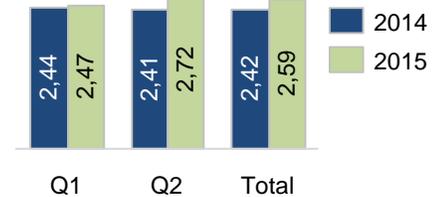


As compared to the energy input into the network losses slightly increased from 2.42% in 1H 2014 to 2.59% 1H 2015.

The percentage increase of the CPT resulted from the increased production of energy from renewable sources.

Development of the CPT

(%)





Investments

NON-CURRENT ASSETS REGISTERED IN ACCOUNT BOOKS

The value of non-current assets recorded in account books in 2015 was 28.4 mill Lei, the most important being:

- Connecting the 108 MW WPP Crucea to the RET in the area of localities Crucea, Vulturii and Pantelimon, Constanta County, by means of 400 kV bay in the 400 kV electric substation Stupina, Constanta County;
- Replacing the circuit breakers in the 400 kV bays of substation Smardan (2 sets);
- Replacing the 110 kV circuit breakers in the 400/110/20 kV substation Draganesti Olt (5 sets);
- Replacing the 220 kV breakers in the 220 / 110 / 20 kV substation Gradiste (2 sets);
- Connecting to the 110 KV underground line Militari-Domnesti, circuits 1 & 2 in the 400 / 110 KV substation Domnesti;
- Diminishing the galloping effects along the 400 KV OHL Cernavoda - Gura Ialomitei (C 2) and the 400 KV OHL Cernavoda - Pelicanu;
- Replacing the 220 KV circuit breaker in the 220 KV bay Bucharest South 2 in substation Ghizdaru;
- Replacing the battery of accumulators in substations Targoviste, Pelicanu, Fundeni and Turnu Magurele;
- Upgrading the remote protections of the 400 kV OHL Isaccea Smardan, circuits 1 and 2;
- Extending the control system and computerised record system with new functions for access into TB Bacau and TB Craiova;
- Arranging the archive storage space in the 220 / 110 kV transformer substation Timisoara;
- Replacing the tele-protection equipment on the 220 kV OHL Alba Iulia - Galceag and the 220 kV OHL Alba Iulia - Sugag;
- Replacing the breakers of the 110 kV bays from substation Filesti (1 set);
- Consolidating the 400 kV OHL Iron Gates - Urechesi in the area of tower 129;
- Replacing tower 159 of the 400 kV OHL Iernut - Sibiu Sud;

PROCUREMENT OF NON-CURRENT ASSETS

The procurement of current and non-current assets² amount to 54.1 mill Lei in the first semester of 2015 compared to the same period of 2014 when such procurements of current and non-current assets amounted to 94.8 mill Lei.

From among the investment projects in progress on 30 June 2015 we can mention:

- The 400 kV OHL interconnecting Resita (Romania) - Panchevo (Serbia) – 11,377,910;
- Refurbishing the 220 / 110 / 20 kV substation Campia Turzii;
- Increasing the safety of installations from the 400 / 220 / 110 / 10 kV substation Bucharest South - replacing the 10 kV equipment - Lot II;
- Extending the 400 kV substation Cernavoda - stage I: replacing 2 shunt

² Include variația furnizorilor de imobilizări în sold la data de 1 ianuarie ale anului

- reactors;
- Replacing the 220 kV circuit breakers in substation Alba Iulia;
- Upgrading the control-protection system of the 220 / 110 kV substation Tihau;
- Refurbishing the 400 / 110 / 20 kV substation Tulcea Vest;
- Connecting the 110 kV underground line Militari-Domnesti circuits 1 & 2 in the 400 / 110 / 20 kV substation Domnesti;
- Upgrading the control-protection system and the 20 kV station from the 220 / 110 / 20 kV substation Vetis;
- Replacing the 110 / 10 kV, 25 MVA transformers T3 & T4 with the 110 / (20)10 kV, 40 MVA ones in substation Fundeni;
- Converting to 400 kV the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis - stage I - Extending the 400 kV substation Iron Gates;
- Replacing the 220 kV breaker in the Bucharest South 2 bay of substation Ghizdaru;
- Connecting the 30 MW co-generation plant owned by SC Lukoil Energy & Gas Romania SRL to the Distribution Network into the 110 kV OHL Teleajen-Refinery-Petro chemistry, circuits 1 - 2 by several work executed in the 220 / 110 kV electric substation Teleajen;
- Replacing the batteries of accumulators in substations Pelicanu, Fundeni, Targoviste, and Turnu Magurele;
- Replacing the 220 kV breakers in the 220 / 110 / 20 kV substation Gradiste;

- Installing two 100 A arc suppressing coils and two 3000 kVA auxiliary service transformers in the 400 / 220 / 110 / 20 kV substation Sibiu Sud;
- The 400 kV Suceava - Balti OHL for the project portion on Romania's territory;
- Replacing the tele-protection equipment of the 220 kV OHL Alba Iulia-Galceag and the 220 kV OHL Alba Iulia-Sugag;
- Installing the fire protection installations to the 200 MVA auto-transformers 1 & 2 in substation Gradiste.

CONTRACTUAL ASPECTS

During the first semester of 2015 a number of 56 investment contracts were signed of 12.6 mil Lei total amount compared to 37 contracts amounting in total to 166.7 mill Lei concluded in the same period of 2014.

The most important investment contracts signed in January – June 2015 were:

- Installing optical fibre and upgrading the tele-protection system of the 400 kV d.c. OHL Tantareni - Turceni and of the 400 kV s.c. OHL Urechesti – Rovinari;
- Upgrading the industrial building nr. 2 of TB Timisoara, Regime Sp + P + 1e;
- Replacing the battery of accumulators in the substations Targoviste, Pelicanu, Fundeni and Turnu Magurele;
- Remaking the conductors of the 220 kV OHL Craiova Nord - Isalnita, circuit 1;



Significant events

EVENTS IN S1 2015

During the first semester of 2015 a series of important events took place in the Company as follows:

- **Credit rating of Moody's Investors Service**

On 2 February the credit rating agency Moody's Investors Service published their updated credit opinion whereby they assess the current and future capacity of Transelectrica to meet its obligation to creditors. The credit opinion was issued one year after the last update (5 February 2014), both the rating and the rating outlook are unchanged since the last review.

- **Decision of the Appeal Court Bucharest in the dispute with Subsidiary ENERGY RESEARCH AND MODERNISING INSTITUTE - ICEMENERG SA**

On 12 February the Appeal Court Bucharest pronounced its ruling in file 15483/ 3/ 2014 with Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest, where the Company is claimant, namely Ruling 173/ 2015 rejecting the appeal of the CNTEE Transelectrica as groundless, such decision being final.

- **Transfer of Transelectrica shares to the Ministry of Economy, Trade and Tourism**

On 2 March were applied the provisions of the Governmental Emergency Ordinance 86/2014 regarding the transfer of Company-issued shares from the Romanian State's account, represented by the Government through the General Secretariat of the Government into the Romanian State account by means of the Ministry of Economy, Trade and Tourism.

- **Legal proceedings against registering the share capital increase of Subsidiary SC Smart SA in the Commercial Register**

On 17 April the National Power Grid Company Transelectrica SA instituted legal proceedings in order to cancel Resolution 154954/30.12.2014 of

the Designated Person pronounce under File 449314/23.12.2014, based on which the Office of the Commercial Register from Bucharest Tribunal registered the share capital increase of Subsidiary Smart SA.

- **Approving the 2015 Revenue and expense budget of the CNTEE Transelectrica SA**

The Official Gazette no. 283 / 27.04.2015 published Governmental Decision 266 / 22.04.2015 approving the 2015 Revenue and expense budget of the National Power Grid Company TRANSELECTRICA SA under the authority of the Ministry of Economy, Trade and Tourism.

- **New ANRE regulations on tariffs**

- ANRE published Order 87 / 10.06.2015 amending Order 53 / 19.07.2013 of ANRE President approving the Methodology setting the rates for electricity transmission services. The Order was published in the Official Gazette no. 417 / 2015;
- ANRE published Order 89 / 15.06.2015 approving the zone rates of transmission services for electricity input into the grid (TG) and the average rate of electricity input into the grid charged by economic operators from the electricity sector. The Order was published in the Official Gazette no. 434 / 2015.
- ANRE published Order 93 / 25.06.2015 setting the regulated tariffs associated to electricity transmission services applicable from 1 July 2015. The Order was published in the Official Gazette no. 468 / 2015

- **Changes in the membership of the Directorate and the Supervisory Board**

- **Directorate**

On 17 February the mandate contract of Mr Ciprian Gheorghe DIACONU ended by the parties' agreement.

On 18 February the mandate contract of Mr Gheorghe Cristian VISAN ended by the parties' agreement.

Beginning with 12 May 2015 Mr Ion SMEEIANU was appointed Directorate member by the Supervisory Board.

- **Supervisory Board**

On 4 February the Supervisory Board took notice of Mr Andrei - Mihai POGONARU's resignation from his capacity of Supervisory Board member of the CNTEE Transelectrica SA.

On 27 March Mr Costin MIHALACHE was appointed provisional member in the Supervisory Board.

- **Shareholders' general assemblies**

On 23 March the Shareholders' General Extraordinary Assembly (AGEA) and the Shareholders' General Ordinary Assembly (AGOA) took place. The main aspects included in the AGOA decisions are as follows:

- Approving the investment plan of the financial year 2015 as well as the investment expenses estimated for 2016 and 2017.
- Approving the draft 2015 Revenue and Expense Budget of the CNTEE

Transelectrica SA, as well as the estimates for 2016 and 2017.

- Setting the general limits of the fixed indemnification granted to Directorate and to Supervisory Board members of Transelectrica.
- Setting the general limits of the variable component in the remunerations of Directorate and of Supervisory Board members of Transelectrica.

The main aspects included in the AGEA decision are as follows:

- Approving the amendment in the Articles of Association of the National Power Grid Company Transelectrica SA

On 29 April the Shareholders' General Extraordinary Assembly (AGEA) and the Shareholders' General Ordinary Assembly (AGOA) took place.

The main aspects included in the AGOA decision are as follows:

- Approving the 2014 gross dividend per share at 2.8033 Lei gross / share, owed to the shareholders recorded in the Shareholders' Register of TEL on 8 June 2015, ex-dividend date being 5 June 2015 and payment beginning on 29 June 2015;
- Approving the annual separate and consolidated financial statements for the financial year 2014 of the National Power Grid Company Transelectrica SA, as well as the annual 2014 report on the economic-financial activities of the Company according to the provisions of the capital market legislation.

EVENTS AFTER S1 2015

After the first semester of 2015 the following significant events for the Company took place:

- **Change in the membership of the Directorate and of the Supervisory Board**

Beginning with 29 July 2015, when the selection has been completed to fill the vacancy in the Directorate, organised as per GEO 109 / 2011 regarding corporative governance of public enterprises with later amendments and additions,

the Supervisory Board appointed Mr Catalin Lucian CHIMIREL as Directorate member under Decision 88/27 July 2015. As of the same date the Mr Catalin Lucian CHIMIREL's capacity of Supervisory Board member in CNTEE Transelectrica SA ended, a position he had held from 21 July 2014.



Other issues

STRUCTURE OF SHAREHOLDERS

On 30.06.2015 the structure of shareholders was as follows:

Name of shareholder	
Romanian State through the Ministry of Economy, Trade and Tourism	43,020,309
Legal persons	20,240,766
S.I.F. Oltenia	4,154,105
Natural persons	5,887,962
Total	73,303,142

TARIFFS

In June the following normative acts were published impacting the collection of revenues from electricity transmission:

- **Order 87 / 10.06.2015 of ANRE** amending Order 53 / 19.07.2013 of ANRE President regarding approval of the Methodology setting the rates for electricity transmission services.
- **Order 89 / 15.06.2015 of ANRE** approving the zone rates of transmission services for electricity input into the network (T_G) and the average tariff of electricity input into the network, as practiced by economic operators in the electricity sector.
- **Order 93 / 2015 of ANRE** whereby the regulated tariffs were established for electricity transmission services and for system services.

Thus, beginning with 1 July 2015 the rates applicable for electricity transmission and for system services are as follows:

DIRECTORATE MEMBERSHIP

On 30.06.2015 the Directorate membership was as follows:

Ion - Toni TEAU	Chairman
Octavian LOHAN	Member
Constantin Vaduva	Member
Ion SMEEIANU	Member

Service	Tariff applicable 01.07.2014	Tariff applicable 01.07.2015	Difference
	30.06.2015	30.06.2016	
	[Lei/MWh]	[Lei/MWh]	%
Transmission of electricity	22.50	20.97	- 6.8
Functional system services	1.42	1.17	-17.6
Technological system services	12.54	12.58	+0.3

Zone rates associated to electricity transmission services when taking electricity out of the network (T_L), applicable as of 1 July 2015, are provided in the following table.

Indicative of the grid take out zone	Zone of grid take out	Tariff T_L [Lei/MWh]
1L	Muntenia de Nord	19.19
2L	Muntenia de Sud	18.53
3L	Oltenia	15.26
4L	Banat	19.15
5L	Transilvania de Sud	19.37
6L	Transilvania de Nord	19.57
7L	Moldova	19.49
8L	Dobrogea	16.17
Average grid take-out rate		18.14

Zone tariffs for electricity input into the grid (T_G), applicable beginning with 1 July 2015, are provided in the table below.

Indicative of the grid input zone	Grid input zone	Tariff T_G [Lei/MWh]
1G	Muntenia	0.25
2G	Transilvania Nord	0.00
3G	Transilvania Centrala	0.00
4G	Oltenia	3.48
5G	Moldova	0.00
6G	Dobrogea	4.04
7G	Dobrogea renewables	4.57
Average input rate		2.57

- According to ANRE specification the reduction of the **average electricity transmission tariff** (20.97 Lei/MWh from 22.50 Lei/MWh) was determined by the following factors:

- Applying the ex-post annual corrections, namely the preliminary correction for the first billing year (July '14 - June '15) and the final correction for the first semester of 2014 (January '14 - June '14);
- Adjusting certain parameters for the third regulatory period, which were set initially on 1 July 2014;
- Recalculating the sum associated to the 50%-50% division mechanism for the extra-efficiency registered with the controllable OPEX against the efficiency target imposed by ANRE by applying factor X to the first semester of 2014 (January '14 - June '14), based on the final reports of this period (previously on 1 July 2014 the efficiency of the first semester of 2014 was assessed using preliminary data);
- Reducing the **rate of functional system services** (1.17 Lei/MWh from 1.42 Lei/MWh) was determined by the following factors:
 - Applying the ex-post annual corrections, namely the preliminary correction for the previous billing year (July '14 - June '15) and the final correction for the first semester of 2014 (January '14 - June '14)
 - The forecasts of the billing year July '15 - June '16
 - The electricity amount that can be billed, restored to 52.0 TWh (from 50.0 TWh)
- Increasing the **rate of technological system services** was determined by the following factors:
 - Application of ex-post corrections
 - The forecasts of the billing year July '15 - June '16
 - The electricity amount that can be billed, restored to 52.0 TWh (from 50.0 TWh)

DISPUTES

The most important disputes which the Company is involved in are provided below:

▪ ANAF

The Company is in litigation with ANAF³, which on 20 September 2011 issued a fiscal audit report on VAT return in September 2005 – November 2006, for a number of 123 unused invoices detected as missing, these being documents of special regime for which it estimated value added tax collected in amount of 16,303,174 Lei plus accessories amounting to 27,195,557 Lei.

The amount of such obligations of 43,498,731 Lei was retained from the VAT that the Company paid in November 2014. Later on the Company found out the sums transferred as current VAT were considered for payment of the amounts from the fore-mentioned fiscal audit report.

Thus the Company was compelled to pay additional penalties of 944,423 Lei for the VAT that should have been paid in November 2011, lest outstanding debts are registered to the State budget. In total in 2011 the Company paid 44,442,936 Lei.

The Company filed complaint to ANAF against the taxation decision and requested suspending the enforcement of the decision until the complaint submitted to ANAF is solved by administrative means. The law court denied the request to suspend enforcing the fiscal report.

At the public hearing of 30.04.2014 the Appeal Court of Bucharest rejected the claimant's request as groundless, having the right to appeal it; however no motives have been received for the ruling of the Appeal Court as of the date of this report.

³http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=20000000293436&id_inst=2

▪ ANRE

CNTEE Transelectrica SA filed complaint against Order 51 / 26.06.2014 of ANRE president⁴ registered under no. 47714 / 04.08.2014 with ANRE and contestation to the Appeal Court Bucharest requesting either amending the fore-mentioned order or issuing a new order to recalculate the RRR at 9.87% (recalculated with (β) coefficient of 1.0359, according to Transelectrica's specialists) or, in case such complaint is denied, it requested using the same 8.52% percentage that ANRE established for 2013 and semester I of 2014.

On 26.06.2014 Order 51 of ANRE was issued and published in the Official Gazette no. 474/27.06.2014, which approved the average tariff for transmission services, the rate of system services and the zone tariffs of transmission services charged by the National Power Grid Company Transelectrica SA and cancelled annex 1 to Order 96 / 2013 of ANRE president approving the rate for transmission services, the rate of system services, the zone tariffs for transmission services and the tariffs for reactive electricity charged by the economic operators of the electricity sector.

The values used in the calculation of the regulated rate of return (RRR⁵) by ANRE according to the Methodology establishing the rates for electricity transmission services approved under Order 53 / 2013 of ANRE ("Methodology"), have determined the RRR value of 7.7%.

CNTEE Transelectrica SA considers that applying the provisions of article 51 from the Methodology by determining the Beta (β) parameter at 0.436 will

⁴http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=200000000318208&id_inst=2

⁵ RRR- Regulated Rate of Return found in specific literature under the acronym WACC – Weighted Average Cost of Capital –; the formula of the two indicators is similar: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

⁶ Value that determined the RRR decrease to 7.7%

prejudice the company's finance by decreasing the profitability of electricity transmission with an estimated 138.4 mill Lei⁷, with significant impact over the company's financial interests which might lead to financial instability of the Company in the third regulatory period (01.07.2014 - 30.06.2019), thus prejudicing the company's shareholders and their interests as well.

On the 24 April 2015 hearing date the court rejected the Company's request to the court to ask for technical-financial and electric expertise proofs. On the 2 June 2015 hearing date the law court deferred the judgment of the case and set another court date on 15.09.2015

▪ SC CONAID COMPANY SRL

The Company is involved as defendant under administrative dispute initiated by Conaid Company SRL⁸ as claimant, which is under insolvency procedures. File 5302/ 2/ 2013, on the docket of the Appeal Court Bucharest pertains first to the complaint of Conaid Company SRL about Transelectrica's unjustified refusal to conclude addendum to the RET connecting contract, which actually ended because the claimant failed to meet the suspensive terms. Another claim in the case, also rejected by the first instance, ascertains the unjustified refusal of Transelectrica (after expiry of the first contract) to conclude a new RET connection contract with the claimant company within the validity period of the connection permits.

On the 20.05.2014 hearing date the Appeal Court Bucharest decided separating the two issues, thus constituting a new claim file for 24.06.2014, then the court suspended setting the separated case.

On the 11.06.2014 hearing date the Appeal Court Bucharest rejected the case and the claimant's request for additional intervention as groundless, with appeal within 15 days from judgment notification.

The file is now on the docket of the High Court of Cassation and Justice, Administrative and Fiscal Disputes Section, with respect to compelling the

issuance of the administrative deed, court trial stage - appeal, hearing date on 16.09.2015.

▪ COURT OF AUDIT

In 2011 litigation was initiated in the administrative disputes court because the company contested the decision and conclusion issued by the Court of Audit⁹. This latter Court set some measures to be implemented by the Company with a view to remedy some deficiencies found on the occasion of audits performed in the Company.

The law court maintained the obligation instituted on behalf of Transelectrica to implement the measures proposed by the Court of Audit. The ruling of the administrative dispute court was appealed against in the High Court of Cassation and Justice.

After the control performed in 2013 the Court of Audit asked the Company to take some measures because it had found out some deficiencies on the occasion of such control. The decision and the conclusion of the Court of Audit were contested in the Appeal Court Bucharest.

On 11 March 2015 the Appeal Court Bucharest deferred the case in order to conduct the technical and accounting expertise; the following court hearing date is 24 June 2015.

On the 24 June 2015 hearing date the law court deferred the case in order to elaborate the accounting expertise report and verify the progress of the technical expertise report.

▪ ICEMENERG

In accordance with GD 925/2010 and with the related norms (GD 185/2013) the National Office of the Commercial Register, Office of the Commercial Register ("ORC") from Bucharest Tribunal issued Resolution 41515/07.04.2014 admitting the cancellation demand of Subsidiary Energy Research and Modernising Institute

⁷ Value calculated in comparison with some 8.52% RRR

⁸ http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=200000000306867&id_inst=2

⁹ http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=200000000313663&id_inst=2

ICEMENERG SA¹⁰, and Resolution 41923/07.04.2014 admitted the registration demand, permitted the establishment and ordered registering the National Research-Development Institute for Energy ICEMENERG Bucharest (J40 / 4323 / 2014).

Taking into account that the Company's property interests have been seriously impaired, Transelectrica has formulated appeal in order to protect the interests of its shareholders. Without taking into account the capacity of Transelectrica of single shareholder of its subsidiary, which would have undoubtedly requested applying Law 31/1990, the law court rejected the Company's complaint. The court motivation mainly relied on GD 925 / 2010 that has not been repealed to date, therefore the ORC was right in ordering the cancellation of Subsidiary ICEMENERG and permitting the establishment of ICEMENERG Institute, stating that the stages provided in article 1 par.7 and in article 4 par 1 of GD 925 / 2010 "appear as subsequent not anterior to cancelling Subsidiary ICEMENERG and establishing ICEMENERG Institute", and that it has not retained the infringed rights of Transelectrica as single shareholder since the it ascertained the subsidiary's sole holder is the Romanian State.

The Company appealed the court ruling on 14.07.2014, hearing date being 05.02.2015. On 12.02.2015 the Appeal Court Bucharest provided the settlement proposed in file 15483/3/2014, namely Ruling 173 / 2015 rejected the appeal of CNTEE Transelectrica as groundless and the ruling was final.

Transelectrica SA expressed cancellation contest against Ruling 173 / 2015 issued by the Appeal Court Bucharest, which is included in file 1088/2/2015 on the docket of the Appeal Court Bucharest, Section VI of civil cases. On 13.05.2015 Ruling 777/2015 the Appeal Court Bucharest rejected the cancellation contest as groundless, and such ruling was final.

▪ OPCOM

On 24.11.2014 the Electricity and Natural Gas Markets Operator OPCOM SA¹¹ sued the Company to compel it paying 582,086.31 Euros (2,585,161.72 Lei at the BNR exchange rate of 24.11.2014), representing the amount paid as penalty from the total charge of 1,031,000 Euros.

Before that the Shareholders' General Assembly of Subsidiary OPCOM SA decided on 10.06.2014 to pay the entire 1,031,000 Euro penalty charged by the Directorate General Competition of the European Commission for breaching article 102 of the European Union Treaty according to the decision taken in the antitrust case AT 39984.

Also OPCOM SA has asked the law court to compel the Company to pay 84,867.67 Lei as legal interest associated to the 11.06.2014 – 24.11.2014 period.

The action of OPCOM SA is included in file 40814/3/2014, on the docket of Bucharest Tribunal, Section VI of Civil Cases, pertaining to claims on the subject matter of litigation with professionals, and the hearing date was set on 29.06.2015. The Company filed defence to the summons in this case, claiming exceptions and the illegality of such action.

On the 24 July 2015 hearing date the law court admitted the suing demand expressed by claimant Electricity and Natural Gas Markets Operator OPCOM SA in contradiction to the defendant National Power Grid Company Transelectrica SA and compelled the defendant paying 582,086.31 euro to the claimant, representing the amount the claimant paid instead of the defendant out of the 1,031,000 Euro penalty charged under European Commission Decision of 05.03.2014 in the case AT.39984, as well as the legal interest related to the amount of 582,086.31 Euros calculated on 11.06.2014 until the date of the actual payment. The law court also compels the defendant to pay the claimant 37,828.08 Lei as trial expenses, with appeal within 30 days from notification.

¹⁰ http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=30000000584063&id_inst=2

¹¹ http://portal.just.ro/3/SitePages/Dosar.aspx?id_dosar=30000000614840&id_inst=3

▪ SMART

The National Power Grid Company Transelectrica SA instituted legal proceedings¹² in order to cancel Resolution 154954 / 30.12.2014 of the Designated Person pronounced under File 449314 / 23.12.2014, based on which the Office of the Commercial Register from Bucharest Tribunal recorded the share capital increase of Subsidiary Smart SA¹³ by in-kind contribution and amended accordingly the Articles of Association in compliance with Decision 12375/22.12.2014 of the BA Chairman and to the BA Decision 19/22.12.2014.

On 15.06.2015, the Bucharest Court by sentence no. 3401/2015, ordered the following: "passive locus standi Dismisses the Romanian state through the General Secretariat of the Government, as unfounded. Dismisses the lawsuit filed by the plaintiff CN Transelectrica SA in contradiction with the Subsidiary Smart SA, the Romanian state through the General Secretariat of the Government and the Trade Register of Bucharest Tribunal, as unfounded. The right to appeal within 5 days of delivery. "

The company appealed, and the case was registered before the Court of Appeal - Section VI-a of a civil with the hearing on 08/19/2015.

The company also filed a legal action against the resolution of Trade Register Office Director and the acts issued by Subsidiary SC Smart SA for the capital increase, subject of File no. 14001/3/2015¹⁴ before the Court of Bucharest - Department of Civil-VI, with the hearing on 07/09/2015.

- The list of disputes amounting to more than 100,000 Euro is provided in Annex 6.

¹² http://portal.just.ro/3/SitePages/Dosar.aspx?id_dosar=300000000638127&id_inst=3

¹⁴ http://portal.just.ro/3/SitePages/Dosar.aspx?id_dosar=300000000638142&id_inst=3



Annexes

ANNEX 1: Separate statement of the financial position on 30 June 2015

[Lei]	30.06.2015	31.12.2014
Assets		
Non-current assets		
Property, plant and equipment	3,273,583,551	3,387,759,611
Intangible assets	36,849,316	39,502,652
Financial assets	57,027,900	57,027,900
Total non-current assets	3,367,460,767	3,484,290,163
Current assets		
Inventories	35,428,057	35,680,518
Trade and receivables	713,848,610	1,056,178,011
Cash and cash equivalents	887,274,354	865,237,573
Total current assets	1,636,551,021	1,957,096,102
Total assets	5,004,011,788	5,441,386,265
Shareholders' equities and liabilities		
Shareholders' equities		
Share capital, of which:	733,031,420	733,031,420
<i>Share capital subscribed</i>	733,031,420	733,031,420
Share premium	49,842,552	49,842,552
Legal reserves	78,424,484	78,424,484
Revaluation reserves	589,962,262	615,407,592
Other reserves	25,003,905	23,660,704
Retained earnings	1,343,111,684	1,312,739,568
Total shareholders' equities	2,819,376,307	2,813,106,320
Non-current liabilities		
Long term deferred revenue	510,568,648	552,768,103
Borrowings	709,647,958	792,043,629
Deferred tax liabilities	25,972,983	28,209,782
Employee benefits obligations	29,126,106	29,126,106
Total non-current liabilities	1,275,315,695	1,402,147,620
Current liabilities		
Trade and other liabilities	626,654,476	945,656,726
Other tax and social security liabilities	29,885,954	7,577,887
Borrowings	186,121,327	200,678,234
Provisions	18,088,339	24,784,498
Short term deferred revenue	34,028,819	33,069,502
Payable income tax	14,540,871	14,365,478
Total current liabilities	909,319,786	1,226,132,325
Total liabilities	2,184,635,481	2,628,279,945
Total shareholders' equities and liabilities	5,004,011,788	5,441,386,265

ANNEX 2: Separate profit and loss account for the period ended on 30 June 2015

[Lei]	01.01 – 30.06.2015	01.01 – 30.06.2014
Revenues		
Revenues from transmission	679,339,274	620,418,389
Revenues from system services	369,675,044	385,821,550
Revenues from the balancing market	352,109,044	287,192,986
Other revenues	25,023,566	25,415,701
Total operational revenues	1,426,146,928	1,318,848,626
Operational expenses		
System operating expenses	(121,538,787)	(107,447,258)
Balancing market expenses	(352,109,044)	(287,192,986)
Technological system service expenses	(363,583,519)	(306,978,205)
Amortisement	(160,205,708)	(170,838,062)
Salaries and other remunerations	(84,039,152)	(81,570,280)
Repairs and maintenance	(38,795,598)	(37,288,461)
Materials and consumables	(4,539,921)	(3,980,106)
Other operational expenses	(51,066,086)	(73,815,936)
Total operational expenses	(1,175,877,815)	(1,069,111,294)
Profit from operations	250,269,113	249,737,332
Financial revenues	30,091,634	47,050,947
Financial expenses	(31,801,344)	(27,294,700)
Net financial result	(1,709,710)	19,756,247
Profit before tax	248,559,403	269,493,579
Income tax	(38,141,919)	(43,285,230)
Profit of the year	210,417,484	226,208,349

ANNEX 3: Separate statement of cash flows on 30 June 2015

[Lei]	Period of 6 months ended on 30 June 2015	Period of 6 months ended on 30 June 2014
Cash flows from operational activities		
Profit of the time interval	210,417,484	226,208,349
Adjustments for:		
Income tax expense	38,141,920	43,285,230
Depreciation and amortisement	160,205,708	170,838,062
Provisions for impairment of trade receivables and other receivables	12,723,176	6,939,016
Reversal of provisions for impairment of trade receivables & other	(17,409,152)	(7,425,772)
Net loss from disposal of property, plant and equipment	802,467	408,378
Reversal of adjustments for property, plant and equipment	3,247,414	-
Net reversal of adjustments for provisions of risks and charges	(6,638,705)	(3,115,501)
Interest expenses, interest revenue and unrealised exchange rate gains	1,914,866	(22,386,191)
Cash flows before changing the current capital	403,405,178	414,751,571
Changes in:		
Trade and other receivables	352,606,215	(153,219,434)
Inventories	252,461	(118,117)
Trade and other liabilities	(318,080,322)	100,679,784
Other tax and social security liabilities	22,308,067	33,545,748
Deferred revenue	(40,024,137)	11,181,787
Cash generated from operational activities	420,467,462	406,821,339
Interest paid	(10,514,484)	(13,857,819)
Income tax paid	(36,929,303)	(39,358,337)
Net cash from operational activities	373,023,675	353,605,183
Cash flows used in investments		
Procurement of property, plant and equipment and of intangible assets	(54,092,311)	(94,771,814)
Proceeds from sale of property, plant and equipment	-	1,981
Interest received	7,609,100	8,141,147
Dividends received	951,223	315,486
Net cash used in investments	(45,531,988)	(86,313,200)
Cash flows used in financing activities		
Proceeds from short term borrowings	-	1,509,122
Repayment of long term borrowings	(102,504,121)	(84,054,355)
Dividends paid	(202,950,785)	(149,974,168)
Net cash used in financing activities	(305,454,906)	(232,519,401)
Net increase / (Decrease) of cash and cash equivalents	22,036,781	34,772,582
Cash and cash equivalents on 1 January (see Note 6)	865,237,573	600,698,763
Cash and cash equivalents at the end of the period (see Note 6)	887,274,354	635,471,345

ANNEX 4: Execution of the Revenue and Expense Budget (REB) on 30 June 2015

No.	INDICATORS	REB sem. I 2015	Achieved sem. I 2015	Differenc es (+/-)	Degree of achievemen t (%)
0	1 [thousand Lei]	2	3	4=3-2	4=3/2 * 100
I.	TOTAL REVENUES	1,371,753	1,456,238	84,485	106.2
	1 Total operational revenues	1,347,363	1,426,146	78,783	105.8
	2 Financial revenues	24,390	30,092	5,702	123.4
II	TOTAL EXPENSES	1,267,016	1,207,679	-59,337	95.3
	1 Operational expenses	1,240,742	1,173,608	-67,134	94.6
	A Expenses with goods and services	950,437	914,098	-36,339	96.2
	B Expenses with taxes, charges and assimilated payments	15,693	13,712	-1,981	87.4
	C Personnel expenses	94,564	90,007	-4,557	95.2
	D Other operational expenses	180,048	155,791	-24,257	86.5
	2 Financial expenses	26,274	31,801	5,527	121.0
	3 Extraordinary expenses	0	2,270	2,270	-
III	GROSS RESULT (profit / loss)	104,737	248,559	143,822	237.3
I V	INCOME TAX	19,674	38,142	18,468	193.9
V	ACCOUNTING INCOME REMAINING AFTER INCOME TAX DEDUCTION	85,063	210,417	125,354	247.4
	Outstanding payments	200	187	-13	93.5
	Outstanding liabilities	189,223	206,476	17,253	109.1

ANNEX 5: Economic-financial indicators of the reporting period

Indicators	Calculation formula	30.06.2015	30.06.2014
Indicator of current liquidity (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.80	1.52
Indicators of gearing ratio (x):			
(1) Indicator of leverage	$\frac{\text{Capital borrowed}}{\text{Equity}} \times 100$	25.17	31.96
(2) Indicator of leverage	$\frac{\text{Capital borrowed}}{\text{Committed capital}} \times 100$	20.11	24.22
Clients turnover (days)	$\frac{\text{Average clients balance}^*}{\text{Turnover}} \times 180$	71.42	77.82
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.42	0.36

* The clients contributing to turnover were taken into consideration when calculating the average balance (energy, balancing, other clients, and clients' bills to execute. Values corresponding to doubtful clients, the cogeneration scheme and the over-compensation have not been included in the average balance)

ANNEX 6 - Disputes

On 06.30.2014, the Company was involved in the following litigation, with a value exceeding EUR 100,000:

No	File number	Court	Disputing parties and their capacity	File subject	Disputed amount	Current stage of the dispute
1	6473/111/2013	Bihor Court	Debtor: Co. Electrocentrale Oradea Creditor: Transelectrica	Insolvency procedure	641,673.13 RON	T: 30.09.2015
2	2033/111/2007 2033/111/2007*	Bihor Court Oradea Court of Appeal High Court of Cassation and Justice Oradea Court of Appeal	Claimant: Transelectrica by Romanian State + Transelectrica by Branch Cluj Defendant-intervenient: Mihes Cristian Radu, Mihes Marius-Tudor, Popa Florica Loredana, Corb Erika, Luca Ionut-Bogdan, Luca Viorica Claimant Defendants: Mester Lavinia Eugenia, Mester Traian Claimant: Prosecutor's Office of the Appeal Court Oradea	Appeal Expropriation under Law 33/1994	Damages 275,310 EURO	T: 17.03.2015 Decision no. 4622: Allows the applicant appeals the National Company for Power Grid "Transelectrica" SA, the defendants Meşter Traian, Eugenia Lavinia Meşter Prosecutor's Office and the Court of Appeal against the decision Oradea civil nr. 223 of 29 November 2011 given by the Court of Appeal Oradea, Department civilians. Quash the decision under appeal and sent the case back to the same court of appeal. Irrevocably. T:08.09.2015
3	2183/115/2010	Caras Severin Court	Debtor: CHPP ENERGO TERM Resita SA Creditor: Transelectrica	Insolvency procedure	1,516,714.71 RON	T: 19.02.2015
4	7238/120/2012	Dambovit Court	Debtor: Co. ECO Energy Ltd Creditor: Transelectrica	Insolvency procedure – joint stock companies – at the debtor's request	24,736,065.84 RON	T: 11.05.2015
5	22846/301/2012 49134/3/2012	Court District 3 Bucharest Court Court of Appeal	Claimant: Petprod Ltd Defendant: Transelectrica	Claims	11,328,252.77 RON	Term: 6.12.2012 Solution: materials waived jurisdiction of the court. Decline jurisdiction to hear the case in favor of the Bucharest Tribunal. Irrevocable. Term: 26.09.2013 Dismissed as unfounded the objection of inadmissibility. Waived prematurity main claim. Give time to 11.7.2013, summoning the parties. With Call reserved. Term: 28.11.2013 Solution Brief: Dismisses main formulated as premature. Partially upheld the counterclaim. Orders the applicant to pay the defendant defendant Petprod Transelectrica applicant the sum of 21,701,281, 92 RON. Orders the applicant to pay the defendant defendant Transelectrica applicant the sum of 221,128.82 RON costs. The appeal within 15 days of notification. T: 26.05.2015 Solution Brief: Admits appeal filed by appellant SC PETPROD LLC against the decision of 26/09/2013. Cancel the call is in hand and sent the case back to that court to resolve the main claim. Keep the other provisions of conclusion. Disjoined by the parties appeal proceedings against the civil sentence nr.6799 / 2013 issued by the Bucharest Court - Civil Division VI. Under article 36 of Law no.85 / 2006. Suspend judgment call by the parties

No	File number	Court	Disputing parties and their capacity	File subject	Disputed amount	Current stage of the dispute
						against the civil sentence nr.6799 / 2013. Final. The right to appeal within 15 days from notice.
6	4328/110/2013	Bacau Court	Debtor: CHPP SA Bacau Creditor: Transelectrica	Insolvency procedure	1,484,636.78 RON	T: 15.10.2015
7	873/1259/2008	Arges Court	Debtor: Co. Termoficare 2000 Pitesti SA Creditor: DGFP, Transelectrica	Insolvency procedure	3,903,604.27 RON	T: 23.09.2014 Solution Brief: Set within continuation of proceedings on 16.12.2014 in the recovery of debts and recovery of property of the debtor. The right of appeal with the merits. T: 20.10.2015
8	47478/3/2012 170/3/2014 47478/3/2012*/a1*	Bucharest Court	Debtor: PETPROD Ltd Creditor: Transelectrica	Insolvency procedure	24,013,312.82 RON	Written in the creditors' list of debtor Co. PETPROD Ltd with 24,013,312.82 RON of which 11,595,501.88 RON as 'amount admitted under condition', specifying the 'amount admitted under condition is disputed in file 49.134/3/2012, on the docket of Bucharest Tribunal' Termen 10.11.2015
9	4503/105/2010	Prahova Court	Reclamant : Transelectrica SA Pârât: SC Enelmed Tour SA	Pretenții - rejudecare	407.596,08 lei	T: 16.09.2015 - pentru efectuarea expertizei.
10	8207/62/2011	Brasov Court	Debtor: CHPP SA Brasov Creditor: Transelectrica	Insolvency procedure	4,303,741.44 RON	T: 25.09.2014 Solution Brief: To continue the procedure for recovery of the debtor's property and to summon the parties to discuss the request for entry of the debtor in bankruptcy filed by the creditor DGRFP Brasov. T: 10.09.2015.
11	18499/3/2013	Bucharest Court	Claimant: Popescu Mina Defendant: Transelectrica	Claims	1,500,000 RON	T: 23.09.2015
12	9089/101/2013	Mehedinti Court	Debtor: RAAN Creditor: Transelectrica	Insolvency procedure – at the debtor's request	2,162,138.86 RON	T: 24.09.2015
13	8307/121/2013	Galati Court	Creditor: Transelectrica Debtor: ArcelorMittal Galati	In the first instance. We require payment of late interest for the full unpaid bills totaling 1,322,168.34 RON.	1,322,168.3 RON	T: 09.10.2014 Solution Brief: stayed the proceedings on the applicant SC Transelectrica SA and SC Arcelor Mittal Galati defendant, pursuant to art. 413 para. (1) item 1 Civil Procedure Code.] Until a final judgment in case no. 5365/121/2011 * before the High Court of Cassation and Justice. How long suspension appeal process during the trial, the Court of Appeal Galați. T: 10.09.2015
14	3616/101/2014	Court Mehedinti Court of Appeal Craiova	Debtor: RAAN Creditor: Transelectrica	Claims	1,090,831.70 RON	T: 10.10.2014 Solution Brief: Admit action. Ordered the defendant to pay the sum of 1,090,831.70 RON representing the invoice nr.1300215 / 31.12.2013 by the applicant. Notes that the applicant has not requested costs. The right of appeal within 15 days from notification, request that will be submitted to the Mehedinti Court. T: 24.09.2015

No	File number	Court	Disputing parties and their capacity	File subject	Disputed amount	Current stage of the dispute
	1224/88/2012**	High Court Of Cassation And Justice Court of Appeal Constanta				Procedure Code. Material error correction features and considerations squeezed into the civil judgment nr.4643 / 2013 delivered by the Court in the file Tulcea nr.1224 / 88/2012 * in part related to the court on the amount the defendant was ordered to pay the applicant's title the costs, meaning that read "requires the defendant to pay the sum of 13,000 lei in respect of the applicant's costs" as is right instead of "compels the defendant to pay the sum of 17,000 lei" with its past wrong. The appeal within 15 days from notification. T: 07.07.2014 Solution Brief: Reject calls as unfounded. (NS-OMC) T: 25.02.2015 Solution Appeal: applicant admits appeals of administrative territorial units Isaccea - the Mayor and the defendant Transelectrica SA against 334 civil decision of 7 July 2014 of the Court of Appeal Constanta - Section II of the Civil and Administrative Review fiscal they scrap and sent the case back to the same court of appeal. Irrevocably. T: 01.10.2015
18	5302/2/2013	Court of Appeal High Court Of Cassation And Justice	Claimant: Conaid Company Defendant: Transelectrica, ANRE	Administrative dispute Ascertain the unjustified refusal to conclude and sign ETG connection addendum and/or contract, compels the signature of ETG connection addendum and/or contract,	Compels payment of 722,756,000 Euro representing profit not obtained according to business plan and of 17,419,508.07 RON – actual expenses recorded in accounting books	T: 11.06.2014 Solution Brief: Dismisses the action and the application for action accessory as unfounded. The appeal within 15 days of notification. Appealed to both sides to 10/01/2014 T: 16.09.2015
19	2177/99/2012	Iasi Court	Debtor: CFPP SA Iasi Creditor: Transelectrica	Insolvency procedure	1,935,308.24 RON	T: 24.06.2014 olution Brief: cripple reorganization plan the debtor SC CET SA (CHPs IASI), based in Iași, Chisinau Way # 25, ORC registered under no. J22 / 677/2002 CUI 14718982 Pursuant to Article 107, paragraph 1, letter disp B of Law. 85/2006 on insolvency proceedings has general procedure commences bankruptcy debtor SC CET SA (CHPs IASI), based in Iași, Chisinau Way # 25, ORC registered under no. J22 / 677/2002 CUI 14,718,982. Under the provisions of article 107 para. 2 of the Law on insolvency proceedings, appoint a provisional liquidator in the receiver IAȘI MANAGEMENT REORGANIZATION LIQUIDATION SPRL based in Iasi, str.Aleea Nicolina, no.82, jud.Iași, Professional Societies registered at no. 0120 / 31.12.2006, which shall perform the tasks specified in Art. 25 of the Act. Under the provisions of article 107 para. 2 of the Law on insolvency proceedings, the debtor company has dissolution and lifting the right management of the debtor. Sets the maximum time limit for submission of management by the liquidator, with the list of documents and transactions carried out after the opening of the 21/03/2014. Has notified the opening of the bankruptcy debtor, creditors and Trade Registry Iasi Tribunal, for making the claim, by publication in the Bulletin of insolvency proceedings. Set deadline for submission of claims arising in the proceedings to 25/04/2014. Set deadline for verifying claims arising during the procedure, preparation, display and communication extra table of receivables 26/05/2014. The deadline for filing complaints to claims arising in the

No	File number	Court	Disputing parties and their capacity	File subject	Disputed amount	Current stage of the dispute
						proceedings shall be at least 10 days before the date of 06/24/2014. Set deadline for resolving complaints to claims arising in the proceedings at 24/06/2014 .. Set deadline for drawing and displaying the final table at 24/06/2014 consolidated claims. Under Article 113 of the Law on insolvency proceedings, has sealing property of the debtor, freezing buildings, the shares and meeting other liquidation operations. T: 06.10.2015
20	6657/2/2012	Court of Appeal	Claimant: Transelectrica Defendant: ANAF- General Division of Large Taxpayers ANAF – General Division of Complaints Settlement	Administrative and fiscal dispute	43,487,408 RON	T: 30.04.2014 Solution Brief: dismissed as unfounded. The appeal within 15 days of notification.
21	35455/3/2013	Bucharest Court Court of Appeal Bucharest Court	Reclamant: Transelectrica SA Pârât: Nuclearelectrica	Pretenții	646.270,87 lei	T: 13.05.2014 Solution Brief: Partial action. Ordered the defendant to pay the applicant the sum of 10,44 RON representing late payment calculated on the invoice no. 6108 / 04.10.2010, 15.10.2010 and up to 31.12.2010. Dismisses the remainder of the applicant's claim as prescribed. Ordered the defendant to pay the applicant the sum of 1 leu costs. The appeal within 30 days of notification. The appeal shall be filed with the Bucharest Court Section VI. T: 12.11.2014 Solution Brief: Allows call. Cancel the ruling party called. Dismisses prescription as unfounded. Send the same court for retrial because claims for which upheld the objection of limitation to the fund. Final. T: 27.05.2015 Solution Brief: completing the application is dismissed as unfounded civil decision no.1001 / 12.11.2014, the Court of Appeal VI of the Civil -Sectia. Final. T: 02.06.2015 Solution Brief: Allows the application. Orders defendant to pay the applicant the sum of 646,270.87 lei, accounting for penalty payments. Orders defendant to pay the applicant the sum of 10,072.71 lei costs. The appeal within 30 days of notification. The appeal is lodged with the Bucharest Tribunal Sec? The Civil VI..
22	53186/3/2011	Bucharest Court	Debtor: ALSO ENERG Creditor: Transelectrica	Insolvency procedure	7,177,245.74 RON	T: 10.10.2012 Solution Brief: Based on art. 131 of Law 85/2006, order the closure of insolvency proceedings against the debtor company ALSO ENERG SRL SC - Sector 3, Bucharest, STR.MORILOR, no. 11 ap. Cam.3 Based art. 135 of the law, judgment terminating the proceeding shall be notified GDPFB for making the claim. The debtor company has ORCB cancellation. It has been paid to liquidator mantle ASOCIAȚIÎ amount of 2.060 lei SPRL VAT accounting earnings / expenses from the special fund liquidation procedure provided for in Article 4 paragraph 4 of Law 85/2006. The appeal within 7 days of notification.
23	24021/3/2008	Bucharest Court	Debtor: Co. IMOBILIAR CONSTRUCT Creditor: Transelectrica	Insolvency procedure	938,299.30 RON	Solution Brief: Approve the final report of activity and based on art. 132 para. 2 of Law 85/2006 closes the insolvency procedure against the debtor SC REAL ESTATE SRL. Radiate ILFOV debtor company in the Trade Register. Based on the closing sentence of Article 135 of the Law of the procedure shall be notified GENERAL DIRECTORATE OF PUBLIC FINANCES ILFOV and Trade Register Office, for making the claim. The appeal 07 days from notification.
24	30860/3/2013	Bucharest Court Court of Appeal	Claimant: Eco Energy Defendant: Transelectrica	Nullity of juridical document	21,023,814.86 RON	T:19.06.2014 Solution Brief: Pursuant to art. 242 of the. 1 NCPC suspend judgment. The right of appeal for the duration of the suspension to a higher court. T: 13.02.2015 Solution Brief: The appeal is dismissed as unfounded T: 03.09.2015

No	File number	Court	Disputing parties and their capacity	File subject	Disputed amount	Current stage of the dispute
		Bucharest Court				
25	3372/2/2014 despăgubire DISJUNS DIN DOS.5302/2/2013	Court of Appeal	Claimant: Conaid Defendant: Transelectrica	Administrative litigation Finding unjustified refusal to conclude and sign the addendum and / or contract ETG connection, order the signature addendum and / or contract ETG connection,	Obligation to pay EUR 722.756 million euros, representing unrealized profit of the business plan and 17,419,508.07 RON - actual expenditure accounted	T: 24.06.2014 Solution Brief: Pursuant to art. 413 para. 1 pt. 1 of the Code of Civil Procedure, suspended the proceedings. The appeal for the duration of the suspension. The notice of appeal shall be filed in the Court of Appeal.
26	5595/120/2010	Dambovită Court	Debtor: Co. Eco Energy Creditor: Transelectrica	Claims	16,604,203.24 RON	T: 26.09.2014 Under disappear. art. 36 of Law no. 85/2006, suspend the proceedings.
27	8484/105/2014	Prahova Court	Claimant: Transelectrica Defendant: Sparta Security	Claims	418,800.50 RON	T: 28.09.2015
28	43152/3/2014	Bucharest Court	Debtor: ICPE Electrocond Creditor: Transelectrica	Insolvency procedure	Application for entry in the table of creditors with the amount of 2,705,330.98 RON	T: 14.09.2015
29	40814/3/2014	Bucharest Court	Claimant: OPCOM Defendant: Transelectrica	Claims	582,086.31 Eur (2,585,161.72 RON) + 84,867.67 RON interest	T: 24.07.2015 Solution Brief: grant the application for summons filed by the applicant Electricity Market Operator and Gas - OPCOM SA in contradiction with the defendant company National Power Grid Transelectrica SA Orders defendant to pay the applicant the sum of EUR 582,086.31, representing the amount paid by the applicant in the defendant's place of 1.031 million euros for the fine application by EC on 03.05.2014 where AT.39984, and the statutory rate, on the amount of 582,086.31 euros, calculated from the date of 06.11.2014 and the date of actual payment. Orders defendant to pay the applicant the sum of 37,828.08 lei, by way of costs. The right to appeal within 30 days from notice. The appeal is submitted to the Bucharest Court - Civil Division VI.
30	44876/3/2014	Bucharest Court	Claimant: Transelectrica Defendant: ELEN Buc	Claims	566,773.42 RON	T: 18.06.2015 Solution Brief: Allows the action brought by the applicant company National Power Grid "Transelectrica" SA in contradiction with the defendant SC Electrocentrale SA, as amended. Orders defendant to pay the applicant the sum of 449 900, 41 lei as penalties. Orders defendant to pay the applicant's costs in the amount of 8104 lei. The appeal within 30 days of notification. The appeal is submitted to the Bucharest Court - Civil Division VI.

No	File number	Court	Disputing parties and their capacity	File subject	Disputed amount	Current stage of the dispute
31	41911/3/2014 41911/3/2014* 41911/3/2014*/a2	Bucharest Court	Claimant: Transelectrica Defendant: I. Gallup Organization Romania II. Stelian Baicuși and others	Claims	4,958,587.72	T: 19.02.2015 Solution Brief: waived functional vires Section VIII of the Bucharest Court. Submit the matter to the civil section of the Bucharest Court Registry. Without appeal. T: 18.08.2015
32	29322/3/2014	Bucharest Court	Debtor: ENNET GRUP Creditor: transelectrica	Insolvency procedure	Application for entry in the table of creditors with the amount of 3,277,527.03 RON	T: 14.09.2015
33	1284/101/2015 24206/3/2015	Mehedinti Court Bucharest Court	Reclamant: RAAN Pârât: Transelectrica SA	Pretenții	11.637.439,66 lei	T: 22.05.2015 Solution Brief: waived lacked territorial jurisdiction. Decline jurisdiction in favor of solving the Bucharest Court Civil Division VI. Without appeal.
34	7566/101/2014	Tribunalul Mehedinti Court of Appeal Craiova Bucharest Court	Reclamant: RAAN Pârât: Transelectrica SA	Pretenții	10.048.628,86 lei	T: 04.02.2015 Solution Brief: Admit action. The appeal within 30 days of notification. T: 30.06.2015 Solution Type: Comes back to the first instance or the competent court Solution Brief: Allows call. Cancel sentence and sent the case to the Bucharest Court
35	20190/3/2015	Bucharest Court	Claimant: Transelectrica Defendant: Dagesh Rom + Adrian Baicusu	Claims	1,353,963.6 RON + 323,386.73 interest	T: 09.10.2015
37	1764/ 97/2006	Hunedoara Court	Creditor: Transelectrica Debtor: Almo Construct Deva	Insolvency procedure- bankruptcy	1,144,536 RON, of which 50.6% of the debt for ST Sibiu	T: 28.05.2015

ANNEX 7: Important contracts concluded by the company from January to June 2015

Contract published in the Current Report of:	Number and date of the deed	Concluded with:
8 January 2015	Electricity procurement contracts for CPT (technological consumption / loss) on the PCCB (Centralised Bilateral Contracts Market)	
	C 461 / 17.12.2014	SC Hidroelectrica SA
29 January 2015	Electricity procurement contracts for CPT (technological consumption / loss) on the PCCB (Centralised Bilateral Contracts Market)	
	C 22 / 28.01.2015	SC Hidroelectrica SA
5 February 2015	Contract 220V DC battery replacement	
	C 7 / 04.02.2015	SMART SA – Timisoara Branch
20 February 2015	Electricity procurement contracts for CPT (technological consumption / loss) on the PCCB (Centralised Bilateral Contracts Market)	
	C 36 / 16.02.2015	SC Hidroelectrica SA
2 June 2015	Addendum to contract for services / works in the Company strategic installations	
	AA6 / 25.05.2015 la C57 / 2012	SMART SA
9 June 2015	Contract of execution major maintenance works at Stejaru Gheorghieni 220 kV Phase II (execution)	
	C 20 / 05.06.2015	SMART SA – Sibiu Branch
11 June 2015	Electricity procurement contracts for CPT (technological consumption / loss) on the PCCB (Centralised Bilateral Contracts Market)	
	C 119 / 10.06.2015	CET GOVORA SA