

C.N. TRANSELECTRICA S.A.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2015**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL ACCOUNTING STANDARD 34 –
“INTERIM FINANCIAL REPORTING”
ADOPTED BY THE EUROPEAN UNION**

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To the shareholders of,
CN Transelectrica S.A.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. We have reviewed the accompanying interim condensed consolidated financial statements of CN Transelectrica SA (the "Company") and its subsidiaries (the "Group") which comprise the interim condensed consolidated statement of financial position as at June 30, 2015, and the interim consolidated condensed statement of income, the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information. These interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standard 34 adopted by the European Union and are the Company's management responsibility. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

2. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not give a true and fair view, in all material respects, of the consolidated condensed interim financial position of the Group as at June 30, 2015, and the condensed consolidated interim financial performance and condensed consolidated interim cash flows for the six-month period then ended, in accordance with International Financial Reporting Standard 34 adopted by the European Union.



C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	<u>Note</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
		<i>(reviewed)</i>	<i>(audited)</i>
Assets			
Non-current assets			
Property, plant and equipment	4	3,321,735	3,440,626
Intangible assets		37,220	40,122
Other investments		11,625	11,625
Total non-current assets		3,370,580	3,492,373
Current assets			
Inventories		50,451	48,187
Trade and other receivables	5	726,361	1,064,082
Cash and cash equivalents	6	919,334	894,233
Total current assets		1,696,146	2,006,502
Total assets		5,066,726	5,498,875
Equity and liabilities			
Equity			
Share capital		733,031	733,031
Share premium		49,843	49,843
Legal reserves		78,616	78,616
Other reserves		25,097	23,712
Revaluation reserves		476,032	501,477
Retained earnings		1,466,949	1,448,646
Total equity attributable to the owners of the Group	7	2,829,568	2,835,325
Non-controlling interests		4,776	5,210
Total equity		2,834,344	2,840,535
Non-current liabilities			
Long-term deferred income	8	518,255	559,489
Borrowings	9	709,648	792,044
Deferred tax liability		23,591	25,828
Employee benefits obligations		35,774	35,774
Total non-current liabilities		1,287,268	1,413,135

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	<u>Note</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
		<i>(reviewed)</i>	<i>(audited)</i>
Current liabilities			
Trade and other liabilities	10	645,983	953,002
Provisions		22,941	27,675
Other social security taxes and liabilities	13	32,131	10,376
Borrowings	9	196,266	206,950
Short-term deferred income	8	33,063	33,070
Income tax payable		14,730	14,132
Total current liabilities		945,114	1,245,205
TOTAL LIABILITIES		2,232,382	2,658,340
TOTAL EQUITY AND LIABILITIES		5,066,726	5,498,875

The condensed consolidated interim financial statements presented were approved by the management on August 31, 2015 and executed on its behalf by:

DIRECTORATE,

Ion-Toni TEAU President of the Directorate	Constantin VĂDUVA Member	Octavian LOHAN Member	Ion SMEEIANU Member	Lucian Cătălin CHIMIREL Member
Maria IONESCU Economic Director	Cristina STOIAN Financial Strategy and Treasury Director	Veronica CRIȘU Accounting Manager		

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	<u>Note</u>	<u>Six-month period ended June 30, 2015</u> <i>(reviewed)</i>	<u>Six-month period ended June 30, 2014</u> <i>(reviewed)</i>
Income			
Transmission income		679,339	620,418
System services income		369,675	385,822
Balancing market income		352,109	287,193
Other income		35,779	21,573
Total income	14	<u>1,436,902</u>	<u>1,315,006</u>
Operating expenses			
System operating expenses	15	(121,539)	(107,447)
Balancing market expenses	15	(352,109)	(287,193)
Technological system services expenses	15	(363,584)	(306,978)
Depreciation and amortization		(164,638)	(175,647)
Personnel expenses		(112,833)	(114,180)
Repairs and maintenance expenses		(4,561)	(6,982)
Other operating expenses	16	(54,810)	(54,440)
Spare parts, consumables and other materials		<u>(19,366)</u>	<u>(11,737)</u>
Total operating expenses		<u>(1,193,440)</u>	<u>(1,064,603)</u>
Operating profit		<u>243,462</u>	<u>250,403</u>
Finance income		24,986	34,569
Finance cost		(31,934)	(27,551)
Net finance result	17	<u>(6,948)</u>	<u>7,018</u>
Profit before income tax		<u>236,514</u>	<u>257,421</u>
Income tax expense	11	(38,599)	(44,014)
Profit for the year		<u>197,915</u>	<u>213,407</u>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	<u>Note</u>	<u>Six-month period ended June 30, 2015</u> <i>(reviewed)</i>	<u>Six-month period ended June 30, 2014</u> <i>(reviewed)</i>
Attributable to:			
Group owners		198.349	-
Non-controlling interests		<u>(434)</u>	<u>-</u>
Basic and diluted earnings per share (lei/share)	12	<u>2,70</u>	<u>2,92</u>
Profit for the year		<u>197.915</u>	<u>213,407</u>
Other elements of comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>197.915</u>	<u>213,407</u>

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DIRECTORATE,

<u>Ion-Toni TEAU</u> President of the Directorate	<u>Constantin VĂDUVA</u> Member	<u>Octavian LOHAN</u> Member	<u>Ion SMEEIANU</u> Member	<u>Lucian Cătălin CHIMIREL</u> Member
<u>Maria IONESCU</u> Economic Director	<u>Cristina STOIAN</u> Financial Strategy and Treasury Director	<u>Veronica CRIȘU</u> Accounting Manager		

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C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	Share capital	Share premium	Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Attributable to the owners of the Group	Non-controlling interests	Total
Balance as at January 1, 2014 (audited)	1,091,526	49,843	57,895	555,327	3,207	883,244	2,641,042	-	2,641,042
Comprehensive income for the year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	213,407	213,407	-	213,407
Total comprehensive income for the year	-	-	-	-	-	213,407	213,407	-	213,407
Other elements									
Transfer of revaluation reserves to retained earnings	-	-	-	(28,413)	-	28,413	-	-	-
Adjustment to inflation of share capital to cover losses resulted from applying IAS 29	(358,495)	-	-	-	-	358,495	-	-	-
Total other elements	(358,495)	-	-	(28,413)	-	386,908	-	-	-
Contributions by and distributions to shareholders, of which:									
Dividends declared	-	-	-	-	-	(163,319)	(163,319)	-	(163,319)
Total transactions with owners	-	-	-	-	-	(163,319)	(163,319)	-	(163,319)
Balance as at June 30, 2014 (reviewed)	733,031	49,843	57,895	526,914	3,207	1,320,237	2,691,127	-	2,691,127

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Member

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Member

Ion SMEEIANU
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Lucian Cătălin CHIMIREL
Member

Maria IONESCU
Economic Director

Cristina STOIAN
Financial Strategy and Treasury Director

Veronica CRIȘU
Accounting Manager

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C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	Share capital	Share premium	Legal reserve	Revaluation reserve	Other reserves	Retained earnings	Attributable to the owners of the Group	Non-controlling interests	Total
Balance as at January 1, 2015 (audited)	733,031	49,843	78,616	501,477	23,712	1,448,646	2,835,325	5,210	2,840,535
Comprehensive income for the year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	197,915	197,915	-	197,915
Total comprehensive income for the year	-	-	-	-	-	197,915	197,915	-	197,915
Other elements									
Transfer of revaluation reserves to retained earnings	-	-	-	(25,445)	-	25,445	-	-	-
Structural funds related to non-current assets in the form of public patrimony	-	-	-	-	1,385	-	1,385	-	1,385
Non-controlling interests arising from decrease of ownership in SMART	-	-	-	-	-	434	434	(434)	-
Total other elements	-	-	-	(25,445)	1,385	25,879	1,819	(434)	1,385
Contributions by and distributions to shareholders, of which:									
Dividends declared	-	-	-	-	-	(205,491)	(205,491)	-	(205,491)
Total transactions with owners	-	-	-	-	-	(205,491)	(205,491)	-	(205,491)
Balance as at June 30, 2015 (reviewed)	733,031	49,843	78,616	476,032	25,097	1,466,949	2,829,568	4,776	2,834,344

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Economic Director

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Financial Strategy and Treasury Director

Veronica CRIȘU
Accounting Manager

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C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	<u>(reviewed)</u>	<u>(reviewed)</u>
Cash flows from operating activities		
Profit for the year	197,915	213,407
Adjustments for:		
Income tax expense	38,599	44,014
Depreciation and amortization	164,638	175,647
Provision for impairment expenses of fixed assets	6,023	
Expenses with allowances for impairment of trade and other receivables	12,723	6,939
Income from reversal of allowances for impairment of trade and other receivables	(17,525)	(7,426)
Income from provisions	(7,640)	(3,280)
Net loss on sale of tangible assets	802	408
Expenses with interest, interest income and unrealized income from foreign exchange differences	9,471	(9,057)
	405,006	420,652
Changes in:		
Trade and other receivables	347,090	(164,026)
Inventories	(2,265)	(2,854)
Trade and other liabilities	(302,708)	104,106
Other tax and social security liabilities	17,188	34,785
Deferred income	(39,857)	5,804
Cash flows from operating activity	424,454	398,467
Interest paid	(10,617)	(13,115)
Income tax paid	(40,263)	(40,086)
Net cash from operating activity	373,574	345,266
Cash flows used in investing activity		
Purchases of tangible and intangible assets	(58,095)	(94,772)
Proceeds from sale of tangible and intangible assets	-	2
Interest received	6,698	10,153
Net cash used in investing activities	(51,397)	(84,617)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

	Six-month period ended June 30, 2015 <i>(reviewed)</i>	Six-month period ended June 30, 2014 <i>(reviewed)</i>
Cash flows (used in)/generated by financing activity		
Repayments of non-current borrowings	(83,442)	(84,054)
Net movement of current borrowings	(10,683)	13,450
Dividends paid	(202,951)	(149,974)
Net cash (used in)/generated by financing activity	(297,076)	(220,579)
Net increase / (decrease) in cash and cash equivalents	25,101	40,071
Cash and cash equivalents as at January 1 (see Note 6)	894,233	635,163
Cash and cash equivalents as at the end of the year (see Note 6)	919,334	675,234

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Maria IONESCU Economic Director	Cristina STOIAN Financial Strategy and Treasury Director	Veronica CRIȘU Accounting Manager		

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C.N. TRANSELECTRICA S.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

1. GENERAL INFORMATION

The main activity of CN Transelectrica SA (the "Company") and its subsidiaries (collectively with the Company, the "Group") consists of: the delivery of electricity transmission services; dispatch management of the National Power System ("NPS"); administration of the electricity market; operation of the balancing market; performance of service and repairs on the transmission installations; supply of services in the field of IT technologies, telecommunications and research in the energy field.

CN Transelectrica SA, the parent company, was incorporated in 2000 as a joint-stock company established under the laws of Romania.

The address of its registered office is B-dul General Gheorghe Magheru no. 33, Bucharest, sector 1. Currently, the Company's headquarters is in Strada Olteni no. 2-4, sector 3, Bucharest.

The Group's consolidated interim financial statements as at June 30, 2015 prepared in accordance with the International Financial Reporting Standards adopted by the European Union are not audited.

The main companies in the Group and the Company's shares are presented below:

Entity	Country of origin	June 30, 2015	December 31, 2014
		<i>% of shares</i>	<i>% of shares</i>
Smart S.A.	Romania	100	100
Teletrans S.A.	Romania	100	100

S.C. SMART S.A.

SC SMART SA with its registered headquarters at B-dul Magheru nr. 33 Sector 1 Bucharest has as its main field of activity maintenance works for the transmission-dispatch system. It was established by GD no. 710/19.07.2001 on November 1, 2001. The share capital as at June 30, 2014 is 38,529 thousand fully subscribed and paid in. At present, the subsidiary's management carries out its activity at the work point in Bucharest, Calea Floreasca no. 246C Sky Tower Building, etaj 20, Sector 1..

S.C. TELETRANS S.A.

SC TELETRANS SA with its registered headquarters at B-dul Hristo-Botev nr. 16 – 18, sector 3, Bucharest has as its main field of activity telephony, telegraphy, data transmission. It was established by GAS Resolution no. 3/2002, with a share capital as at June 30, 2014 of 6,874 thousand fully subscribed and paid in. At present, the subsidiary's management carries out its activity at the work point in Bucharest, str. Olteni nr. 2-4, etaj 1, Sector 3.

C.N. TRANSELECTRICA S.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

2. BASES OF PREPARATION

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements in accordance with International Financial Reporting Standards ("IFRS"). Nevertheless, certain explanatory notes have been added to explain the events and transactions that are significant for understanding the changes occurred in the Group's financial position and performance since the latest annual consolidated financial statements as at and for the financial year ended December 31, 2014.

These condensed consolidated interim financial statements were approved on August 31, 2015.

(b) Professional judgments and estimates

In preparing these condensed consolidated interim financial statements, the management is required to make judgments, estimates and assumptions affecting the application of accounting policies and the recognized value of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant judgments used by the management to apply the Group's accounting policies and the main sources of uncertainty as to the estimates were the same as those applied to the consolidated financial statements as at and for the financial year ended December 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the financial year ended December 31, 2014.

4. PROPERTY, PLANT AND EQUIPMENT

The total value of tangible assets as at June 30, 2015 diminished as compared to December 31, 2014 as a result of recording the depreciation of such non-current assets.

In the first half of 2015, tangible assets in progress increased in value mainly due to investment works in the substations and high voltage power lines, as follows:

- 400 kV OHL interconnecting Reșița (Romania) to Pancevo (Serbia) – 11,378;
- Upgrading of the 220/110/20 kV Campia Turzii substation – 7,096;
- Enhancing the safe operation of installations of the 400/220/110/10 kV Bucuresti Sud substation – replacement of 10 kV equipment - Lot II – 6,728;
- Extension of the 400 kV Cernavoda substation – Stage I, replacement of 2 compensation coils – 4,920;
- Replacement of 220 kV switches at Alba Iulia substation – 2,966;
- Modernization of the control protection system at the 220/110 kV Tihau substation – 2,613;
- Upgrading the 400/110/20 kV Tulcea Vest substation – 2,490;
- 400 kV OHL d.c. Gutinas – Smardan – 2,194;
- Connection of the 110 kV Militari-Domnesti underground line circuits 1, 2 in the 400/110/20 kV Domnesti substation – 1,942;
- Modernization of the control protection system and the 20 kV Substation in the 220 /110/20 kV Vetis substation – 1,924;
- Replacement of T3 and T4 110/10 kV, 25 MVA substation with 110/(20)10 kV, 40 MVA transformers in Fundeni electric substation – 1,733;

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

- Conversion to 400 kV voltage of the axis Portile de Fier - Resita - Timisoara - Sacalaz - Arad – Stage I – Extension of the 400 kV Portile de Fier substation – 1,466;
- Replacement of 220 kV switch in Bucuresti Sud 2 cell in Ghizdaru substation – 1,198;
- Connection to the PTG of the 30 MW CEC, belonging to SC Lukoil Energy & Gas Romania SRL, in the 110 kV Teleajen-Rafinarie-Petrochimie OHL, circuits 1 - 2 through works on the 220/110 kV Teleajen Electric substation – 1,165;
- Replacement of charger batteries at Pelicanu, Fundeni, Targoviste, Turnu Magurele substations – 992;
- Replacement of 220 kV switches in the 220/110/20 kV Gradiste substation – 951;
- Installation of two 100 A suppression coils and two 3000 kVA internal services transformers in the 400/220/110/20 kV Sibiu Sud substation – 821;
- 400 kV Suceava - Balti OHL, for the Romanian section – 661;
- Replacement of tele-protection equipment on the 220 kV Alba Iulia-Galceag OHL and the 220 kV Alba Iulia – Sugag OHL – 536;
- Installation of fire protection equipment at AT1 and AT2 200 MVA in Gradiste substation – 493.

In the first half of 2015, the biggest transfers from tangible assets in progress to tangible assets consisted mainly of the commissioning of the investment sites as follows:

- Connection to the PTG of the 108 MW Crucea CEE, in Crucea, Vulturu and Pantelimon localities, Constanta county, through a 400 kV cell in the 400 kV Stupina electric substation, Constanta county – 9,432;
- Replacement of 400 kV cell switches in Smardan substation (2 sets) – 3,456;
- Replacement of 110 kV switches in the 400/110/20 kV Draganesti Olt substation (5 sets) – 2,183;
- Replacement of 220 kV switches in the 220/110/20 kV Gradiste substation (2 sets) – 1,999;
- Connection to the 110 KV Militari-Domnesti underground power line, circuits 1 and 2 in the 400 / 110 KV Domnesti substation – 1,942;
- Reduction of the effects of fluctuations on the 400 KV Cernavoda - Gura Ialomitei OHL (C 2) and the 400 KV Cernavoda - Pelicanu OHL – 1,453;
- Replacement of 220 KV switch in the 220 KV Bucuresti Sud 2 cell in Ghizdaru substation – 1,198;
- Replacement of charger batteries in Targoviste, Pelicanu, Fundeni and Turnu Magurele substations – 992;
- Modernization of tele-protection equipment in the 400 kV Isaccea Smardan OHL circuit 1 and circuit 2 – 991;
- Adding new functions to the access control and IT recording system to ST Bacau and ST Craiova sites – 567;
- Arrangement of archive storage space in the 220/110 kV Timișoara electric substation – 562;
- Replacement of tele-protection equipment on the 220 kV Alba Iulia - Galceag OHL and the 220 kV Alba Iulia – Sugag OHL – 560;
- Replacement of 110 kV cell switches in Filesti substation (1 set) – 470;
- Consolidation of the 400 kV Portile de Fier - Urechești OHL at pole 129 –414;
- Replacement of pole no. 159 on 400 kV Iernut - Sibiu Sud OHL –367.

During the first half of 2015 the Group recorded an depreciation adjustment in the amount of RON 3,223 in connection with the submarine cable project Romania - Turkey project for which there is evidence of depreciation at June 30, 2015.

C.N. TRANSELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015
(all amounts are expressed in thousand RON, unless otherwise provided)

5. TRADE AND OTHER RECEIVABLES

As at June 30, 2015 and December 31, 2014 the trade and other receivables are as follows:

	June 30, 2015	December 31, 2014
	<i>(reviewed)</i>	<i>(audited)</i>
Trade receivables	724,106	1,043,992
Other receivables	166,792	183,130
Non-reimbursable funds receivable	-	-
VAT receivable	-	5,735
Bad debts allowances	(82,162)	(87,246)
Other bad debts allowances	(82,375)	(81,529)
Total	726,361	1,064,082

Trade receivables

As at June 30, 2015 and December 31, 2014 the balance of trade receivables is as follows:

	June 30, 2015	December 31, 2014
	<i>(reviewed)</i>	<i>(audited)</i>
Clients – energy market	696,903	1,038,359
Other clients	27,203	5,634
Total	724,106	1,043,992

As at June 30, 2015, the outstanding trade receivables amount to 724,106 and represent mainly clients on the electricity market in amount of 696,903 (99%), of which clients in the high-efficiency cogeneration support scheme in amount of 219,149.

As at June 30, 2015, the outstanding clients registered a decrease as compared to December 31, 2014 mainly due to the increase in debt collection as compared to 2014.

Therefore, as at June 30, 2015, the Group registered a decrease of support scheme receivables (150,863 as at June 30, 2015; 237,121 as at December 31, 2014) mainly due to amounts received from the overcompensation related to the period 2011 - 2013 (in accordance with the provisions of GD no. 1215/2009) and the undue bonus/overcompensation for 2014.

Between January 1 and June 30, 2015, the Group received 142,226 representing overcompensation for the period 2011-2013, of which 399 represents amounts received by bank transactions and 141,827 represents amounts received as compensation through the Institute of Management and Informatics (according to GD no. 685/1999), mainly from SC Electrocentrale Bucuresti SA, Electrocentrale Oradea and SC Termo Calor SA.

As at June 30, 2015, the Group registered receivables from overcompensation related to the period 2011-2013 in amount of 117,211, i.e., from RAAN –63,467, from CET Govora SA –53,742.

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5. TRADE AND OTHER RECEIVABLES (continued)

Given that the Romanian Authority for Nuclear Activities RAAN RA has refused to compensate mutual liabilities, the Group has applied the provisions of Article 17 paragraph 5 of Order no. 116/2013 of the ANRE President approving the Regulation establishing the manner of collecting the high-efficiency cogeneration contribution and paying the bonus for the power produced from high-efficiency cogeneration: *“if the producer has failed to pay the support scheme administrator all of its payment obligations resulting in accordance herewith, then the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer’s payment obligations in connection with the support scheme, with a clear indication on the payment document of the said amounts”* and has withheld the amounts corresponding to the support scheme due to RAAN SA, represented by the bonus for March 2014 – May 2015 and the overcompensation in advance for 2014.

CET Govora SA concluded with CNTEE Transelectrica SA Convention no. C 135/30.06.2015 and Addendum no. 1/04.08.2015 for compensating and scheduling the payment of the amounts representing receivables from the counter value of overcompensation for 2011-2013 and the undue bonus for 2014.

Under the Convention, the Group’s receivables against CET Govora SA will be compensated with the liabilities to CET Govora SA representing co-generation bonus for the period May 2014 – May 2015 withheld under the provisions of Art. 17(5) of ANRE President Order no. 116/2013, in amount of 34,006. The remaining to be received by the Group, will be paid by CET Govora SA in monthly instalments between July 2015 and August 2016, according to the Convention estimate.

In April 2015, ANRE issued the decision regarding the overcompensation of the power and heat production from high-efficiency cogeneration for 2014, which generated receivables in amount of 48,800, of which as at June 30, 2015 it registered receivables in amount of 19,146 from Electrocentrale Oradea and Termo Calor. Also, the Group applied the provisions of Art. 17(5) of ANRE President Order no. 116/2013 also for producers for which it has not registered overcompensation for 2014 (Electrocentrale Oradea and Termo Calor) and which did not pay the invoices issued by the Company based on ANRE’s decision.

The main clients on the energy market are: RAAN, CET Govora, Electrica Furnizare, SC Hidroelectrica SA, Complex Energetic Oltenia, E.ON Energie Romania, Enel Energie, Enel Energie Muntenia, Ciga Energy. The weight of such clients out of total gross receivables on the electricity market is 52% (65% as at December 31, 2014).

Other receivables

As at June 30, 2015, other receivables in amount of 167,792 include mainly:

- debtor services suppliers in amount of 44,958, out of which 44,938 represents amounts from transactions carried out in relation to the price coupling mechanism. On November 19, 2014, the „4M Market Coupling” project became operational, which provides the connection of Day Ahead electricity markets (Day Ahead Market) in Romania, Hungary, The Czech Republic and Slovakia. Within the mechanism of price coupling of day ahead markets, electricity exchanges correlate, by tenders, electricity transactions for the day ahead depending on the interconnection capacity made available by TSOs through which it is implicitly allocated. CNTEE Transelectrica SA, as TSO, transfers electricity, both physically, and commercially, to the neighboring TSO (MAVIR-Hungary) and manages revenues flowing from congestions on such interconnection (Art. 139 of ANRE Order no. 82/2014), and in relation to SC OPCOM SA, it is Implicit Participant on the DAM.

As Transfer Agent and Implicit Participant, CNTEE Transelectrica SA has the commercial task of settling the energy traded between SC OPCOM SA and MAVIR.

- delay penalties calculated for bad payers, in amount of 44,986, as well as receivables to be recovered from ANAF in amount of 44,442 (see paragraph below).

The highest late payments were recorded by SC Eco Energy SRL (8,910), SC Petprod SRL (8,895), Romanian Authority for Nuclear Activities (6,087), SC CET Govora (5,843), Arcelor Mittal Galati (3,979), amounts that were also provided for and included in the allowances for other bad debts.

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5. TRADE AND OTHER RECEIVABLES (continued)

Litigation with the National Agency for Fiscal Administration (“ANAF”)

The Group is in litigation with ANAF, which issued a tax inspection report on September 20, 2011 on VAT return for the period September 2005 – November 2006 for 123 unused invoices identified as missing, these being documents with special regime, and for which it estimated VAT collected of 16,303 plus other amounts of 27,196. The total value of these obligations amounts to 43,499. The value of these obligations was retained from the VAT paid by the Company in November 2011. Subsequently, the Group noted that the amounts paid as current VAT were considered for the payment of the amounts in the tax inspection report mentioned above. Thus, the Group was forced to pay increases of 944 for VAT that should have been paid in November 2011, in order to avoid accumulating overdue debts towards the State budget. In total, in 2011 the Group paid 44,442. The Group made use of all legal means to contest the tax return issued by ANAF, so an appeal was filed with ANAF against the decision and a request was submitted to suspend the enforcement of the decision until the appeal filed against ANAF is settled by administrative means. The request to suspend the enforcement of the tax report was rejected by the court of law.

The Group believes that the tax base has not been determined reasonably by ANAF, considering the fact that the Group's activity on the electricity market is entirely regulated, this being determined proportionally to the number and value of the invoices issued by the Group during the period under verification. The Group considered it was entitled to bring action in court, as the Group believes that ANAF has not taken into account all the data and documents relevant for the estimate, as provided by the Fiscal Procedure Code then applicable. Thus, the Group sued ANAF to the Bucharest Court of Appeal in August 2012 for the recovery of the amount and requested the admission of the documents and the accounting judicial expertise as evidence. As at December 31, 2014, the Group registered an impairment allowance of 44,442 for the total liabilities paid in amount of 44,44, based on the chances of recovery.

On September 18, 2013, the accounting expertise report was prepared, which was submitted to the case file at the hearing of September 20, 2013. At the hearing of October 18, 2013, the parties made several objections to the judicial expertise report, which were approved by the Court of Appeal at the hearing of November 15, 2013, and were communicated to the designated expert. At the hearing of March 7, 2014, the expert presented the response to the objections made by the Group. Compared to the revenues estimated by ANAF, based on which ANAF estimated a VAT collected in amount of 16,303, the accounting judicial expertise report found unjustified revenues of 551, the amount to which VAT and penalties should have been applied. The hearing was adjourned for the acknowledgement of the content of the response to the objections to the expertise report.

At the hearing of April 30, 2014, the ruling issued by the court of first instance – Bucharest Court of Appeal, Section VIII – Administrative and Tax Disputes (Ruling no. 1356/2014) in File no. 6657/2/2012 was as follows: “Rejects the request of plaintiff CNTEE Transelectrica SA (Challenge to the administrative and fiscal deed issued by ANAF)”. As at the closing of the financial statements, the ruling has not been drawn up by the court and communicated to the Group. After the communication is received, in case of an unfavorable ruling, an appeal may be filed within the legal term.

Impairment of bad debts and other bad debts

The Group's policy is to register impairment allowances of 100% for clients in litigation, in insolvency or in bankruptcy and of 100% of trade and other receivables more than 180 days overdue. Also, the Group assesses on a case by case basis the trade receivables and other receivables not collected.

As at June 30, 2015, the highest impairment allowances were registered for SC Petprod SRL (29,242), SC Eco Energy SRL (24,736), SC Total Electric Oltenia SA (14,185), RAAN (7,206), Also Energ (7,177). The Group's relationship with such clients is as follows: in litigation/listed in the receivables' table for clients in insolvency/conclusion of scheduling convention.

As at June 30, 2015, impairment allowances for other bad debts also include the allowance for the ANAF receivable in amount of 44,442.

The Group's exposure to credit and market risk and impairment allowances for trade receivables are presented in Note 19.

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6. CASH AND CASH EQUIVALENTS

As at June 30, 2015 and December 31, 2014, cash and cash equivalents are as follows:

	June 30, 2015	December 31, 2014
	(reviewed)	(audited)
Current bank accounts and deposits	798,891	791,420
Cash and deposits from high-efficiency cogeneration scheme	70,214	102,343
Petty cash	165	122
Treasury bills	50,000	-
Other cash equivalents	64	348
Total	919,334	894,233

Deposits with initial maturity of less than 90 days, created from cash in current accounts, are in amount of 599,200 as at June 30, 2015 and 636,986 as at December 31, 2014.

As of April 1, 2011, CNTEE Transelectrica SA – as administrator of the support scheme for promoting high-efficiency cogeneration – is administering a bank account opened especially to collect the contribution for high-efficiency cogeneration and to pay the related bonus. Cash from the administration of such scheme are in amount of 70,214 as at June 30, 2015 and 102,342 as at December 31, 2014.

Treasury bills are in amount of 50,000 as at June 30, 2015 and are due in August 2015.

Cash from the connection tariff amounts to 69,436 as at June 30, 2015 and 78,387 as at December 31, 2014.

7. EQUITY

In accordance with the provisions of GEO no. 86/2014 on the establishment of reorganization measures at the level of the central public administration and for the amendment and supplementation of certain acts of legislation, on February 20, 2015 the Company registered in the Shareholders' Registry the transfer of the 43,020,309 shares from the account of the Romanian State through the General Secretariat of the Government into the account of the Romanian State through the Ministry of Economy, Commerce and Tourism.

At the end of each reporting period, the Parent's fully subscribed and paid in share capital, in amount of RON 733,031,420 is divided into 73,303,142 ordinary shares at a nominal value of RON 10/share and corresponds to the share capital registered with the Trade Registry.

The shareholding as at June 30, 2015 and December 31, 2014 is as follows:

Shareholder	June 30, 2015		December 31, 2014	
	(reviewed)		(audited)	
	Number of shares	% of share capital	Number of shares	% of share capital
Romanian State through the General Secretariat of the Government	-	-	43,020,309	58.69%
Romanian State through the Ministry of Economy, Commerce and Tourism	43,020,309	58.69%		
S.I.F. Oltenia	4,385,055	5.89%	4,385,055	5.89%
Private investors (legal and natural persons)	25,897,778	35.33%	25,897,778	35.33%
Total	73,303,142	100%	73,303,142	100%

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7. EQUITY (continued)

The change in equity as at June 30, 2015 compared to December 31, 2014 was influenced mainly by the registration of the net profit to retained earnings, in amount of 197,915, obtained as at June 30, 2015 and by the distribution of dividends due to shareholders from the 2014 profit according to GSM Resolution no. 3/29.04.2015 amount to 205,490.

8. DEFERRED INCOME

Deferred income is mainly represented by: the connection tariff, other subsidies for investments, non-reimbursable European funds received from the Ministry of European Funds, as well as income from using the interconnection capacity.

	June 30, 2015	Out of which short-term share as at June 30, 2015	December 31, 2014	Out of which short-term share as at December 31, 2014
Deferred income – allocation of interconnection capacity	2,594	2,594	2,119	2,119
Deferred income – European funds	107	107	437	437
Subsidies from connection tariffs	396,793	19,989	432,646	20,270
Subsidies from European funds	117,297	6,712	114,534	6,321
Other subsidies	34,527	3,662	42,823	3,923
Total	551,318	33,063	592,559	33,070

Deferred income changed over the six-month period ended June 30, 2014 and in the financial year ended December 31, 2013 as follows:

	June 30, 2015	December 31, 2014
	<i>(reviewed)</i>	<i>(audited)</i>
Opening balance	33,070	35,472
Cash in advance related to interconnection capacity	12,360	56,469
Connection fee transferred from long-term deferred income (connection tariff)	-	(1,440)
Collections from European funds	56	-
Connection fee transferred from long-term deferred income (other subsidies)	814	-
Income from using the interconnection capacity	(12,851)	(57,479)
Income from European funds	(386)	-
Others	-	48
Total	33,063	33,070

On May 22, 2015, the Parent received repayment application 2 for the upgrading of the 400/110/20 kV Tulcea Vest substation, in amount of 7,995.

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9. BORROWINGS

Long-term borrowings

The evolution of long-term borrowings during the six-month period ended June 30, 2015 is as follows:

	<u>Currency</u>	<u>Interest rate</u>	<u>Carrying value</u>	<u>Maturity</u>
Balance as at January 1, 2015			985,907	
New drawings			-	
Repayments, of which:			(102,504)	
BEI 20.864 (a)	EUR	Communicated upon drawing	(16,105)	December 5, 2015
NIB PIL No 02/18 (b)	USD	LIBOR+0.9%	(3,611)	April 15, 2018
BIRD 7181 (c)	EUR	Variable	(17,684)	January 15, 2020
NIB PIL No 03/5 (d)	EUR	EURIBOR+0.85%	(5,104)	September 15, 2018
NIB PIL No 02/37 (e)	EUR	EURIBOR+0.9%	(2,732)	September 15, 2018
KfW 10431 (f)	EUR	EURIBOR+0.6%	(4,927)	July 31, 2017
KfW 11300 (g)	EUR	EURIBOR+0.6%	(7,151)	July 31, 2017
JBIC (h)	JPY	3.1%	(4,338)	September 15, 2016
BERD 33354 (i)	EUR	EURIBOR+3%	(8,652)	May 25, 2016*)
BRD (j)	RON	ROBOR+1.25%	(3,300)	August 31, 2016
BEI 25709 (k)	EUR	3.596%	(5,342)	September 10, 2025
BEI 25710 (l)	EUR	3.856%	(4,900)	April 11, 2026
ING + BRD (m)	EUR	EURIBOR+2.75%	(18,658)	February 13, 2019
Unsecured bonds (n)	RON	6.1%	-	December 19, 2018
Foreign exchange differences			1,046	
Balance as at June 30, 2015			884,449	

*) The outstanding EBRD loan 33354 (after payment of the current instalment) was repaid in advance on May 22, 2015, without additional costs.

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9. BORROWINGS (continued)

As at June 30, 2015 and December 31, 2014, long-term borrowings are as follows:

Description	June 30, 2015	December 31, 2014
	(reviewed)	(audited)
BEI 20.864	16,301	32,665
NIB PIL No 02/18	21,060	22,664
BIRD 7181	130,120	148,055
NIB PIL No 03/5	36,012	41,235
NIB PIL No 02/37	19,278	22,074
KfW 10431	24,134	29,108
KfW 11300	30,878	38,088
JBIC	12,840	16,180
BERD 33354	-	8,774
BRD	9,900	13,200
BEI 25709	113,080	118,693
BEI 25710	120,536	125,748
BRD-ING	150,310	169,423
Unsecured bonds (q)	200,000	200,000
Total long-term borrowings	884,449	985,907
Less: Current share of long-term borrowings	(174,801)	(193,863)
Total long-term borrowings net of current share	709,648	792,044

Long-term borrowings, net of the current share, will be reimbursed as follows:

	June 30, 2015	December 31, 2014
	(reviewed)	(audited)
Between 1 and 2 years	148,959	162,638
Between 2 and 5 years	434,928	491,147
In more than 5 years	125,761	138,259
Total	709,648	792,044

The Group did not hedge against risks related to its foreign currency liabilities or exposure to interest rate risks.

All long-term borrowings, except JBIC, BEI 25709 and BEI 25710, bear a variable interest rate and consequently, the book value of the long-term borrowings is an approximation of their fair value.

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9. BORROWINGS (continued)

Short-term borrowings

As at June 30, 2015 and December 31, 2014 the short-term borrowings are as follows:

	June 30, 2015	December 31, 2014
	<i>(reviewed)</i>	<i>(audited)</i>
Current share of long-term borrowings	174,801	193,863
Short-term bank loans (credit lines)	10,146	6,271
Interest on long-term borrowings	4,764	6,375
Interest related to bonds	6,575	441
Total short-term borrowings	196,266	206,950

The outstanding balance of the short term bank loans is represented by the credit line obtained by S.C. SMART S.A. from ING Bank NV Amsterdam. The credit line bears a variable interest rate

10. TRADE AND OTHER LIABILITIES

As at June 30, 2015 and December 31, 2014, trade and other liabilities are as follows:

	June 30, 2015	December 31, 2014
	<i>(reviewed)</i>	<i>(audited)</i>
Energy suppliers	372,468	572,297
Suppliers of non-current assets	32,943	45,547
Suppliers of other services	37,478	84,114
Amounts owed to employees	6,128	6,836
Other liabilities	196,966	244,208
Total	645,983	953,002

The decrease of liabilities to the electricity market suppliers was due to:

- the decrease in the level of transactions on the balancing market;
- the payment in Semester I 2015 of the outstanding liabilities on the electricity market as at December 31, 2014.

The effect of the decrease of total liabilities was mitigated by the increase of the value of the co-generation bonus not paid to suppliers (qualified producers), in amount of 70,156 (38,661 as at December 31, 2014).

The Group has requested producers (Group suppliers) that have not paid the overcompensation invoices their consent to compensate mutual liabilities at the minimum level thereof through the Institute of Management and Informatics (IMI), which manages all the information coming from taxpayers, under GD no. 685/1999.

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10. TRADE AND OTHER LIABILITIES (continued)

Given that the Romanian Authority for Nuclear Activities RAAN RA has refused to compensate mutual liabilities, the Group has applied the provisions of Article 17 paragraph 5 of Order no. 116/2013 of the ANRE President approving the Regulation establishing the manner of collecting the high-efficiency cogeneration contribution and paying the bonus for the power produced from high-efficiency cogeneration: *“if the producer has failed to pay the support scheme administrator all of its payment obligations resulting in accordance herewith, then the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer’s payment obligations in connection with the support scheme, with a clear indication on the payment document of the said amounts”* and has withheld the amounts corresponding to the support scheme due to RAAN SA, represented by the bonus in amount of 32,134 for March 2014 – May 2015 and the overcompensation in advance for 2014 in amount of 4,957.

In order for CET Govora SA to pay its liabilities under the support scheme, the Parent concluded with CET Govora SA Convention no. C 135/30.06.2015 and Addendum no. 1/04.08.2015 for compensating and scheduling the payment of the amounts representing receivables from the counter value of overcompensation for 2011-2013 and the undue bonus for 2014.

Under the Convention, the Group’s receivables against CET Govora SA will be compensated with the liabilities to CET Govora SA representing co-generation bonus for the period May 2014 – May 2015 withheld under the provisions of Art. 17(5) of ANRE President Order no. 116/2013, in amount of 34,006.

On March 27, 2015, further to the analysis on the overcompensation of power and heat production from high-efficiency cogeneration for the assessment period January 1, 2014 – December 31, 2014, the ANRE President issued the decisions on the undue bonus/overcompensation, and the amount regulating the advance overcompensation.

As at June 30, 2015, under Art. 17(5) of ANRE Order no. 116/2013, the Group withheld the bonus and the advance overcompensation, in amount of 70,156, owed to suppliers (qualified producers), given that they failed to pay the Company the counter value of the overcompensation in amount of 123,857.

The main energy suppliers are SC Hidroelectrica SA, SC Complex Energetic Oltenia SA, MAVIR (market coupling) and RAAN. As at June 30, 2015, they account for 60% of total energy suppliers.

The decrease of outstanding suppliers of non-current assets as at June 30, 2015 compared to December 31, 2014 was due to the payment at the beginning of 2015, of outstanding invoices as at December 31, 2014.

As at June 30, 2015 the other liabilities in amount of 196,966 is presented as follows:

- “Sundry creditors” in the amount of 186,654, represented mainly by the operations related to the cogeneration scheme in amount of 182,948, meaning the net position between:
 - The amount related to the overcompensation of the electric energy and thermic activity in high efficiency cogeneration for the period 2011 – 2013 to be received from the producers, in accordance with the decisions of ANRE (including the value of the contribution to be collected from the consumers suppliers of electric energy) and to the ante-overcompensation scheme for 2014, on one side; and
 - The value of the bonus to be paid to the producers of electric energy and thermic energy in high efficiency cogeneration – beneficiaries of the support scheme, on the other side.
- “Sundry creditors” in the amount of 3,314 out of which 3,192 represented by amounts that the Group has undergoing with the Ministry of Economy from Moldavia for the Feasibility Study related to the synchronous inter connection of Ukraine and Moldavia to ENTSO-E.
- Dividends owed to the shareholders of the Parent Company in the amount of 3,743, out of which the amount of 2,674 is related to dividends distributed from 2014 profit. These amounts are at the disposal of the shareholders through the payment agent.

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11. INCOME TAX

Income tax expenses are as follows:

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	(reviewed)	(reviewed)
Current income tax	40,836	47,944
Deferred income tax	(2,237)	(3,930)
Total	38,599	44,014

12. EARNINGS PER SHARE

For the six-month periods ended June 30, 2015 and June 30, 2014 the earnings per share are:

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	(reviewed)	(reviewed)
Net consolidated profit	197,915	213,407
Number of ordinary shares at the beginning and end of the year	73,303,142	73,303,142
Basic diluted earnings per share (RON/share)	2.70	2.91

13. OTHER SOCIAL SECURITY TAXES AND LIABILITIES

As at June 30, 2015 and December 31, 2014, other social security taxes and liabilities comprise:

	June 30, 2015	December 31, 2014
	(reviewed)	(audited)
VAT payable	10,354	1,269
Contribution to social security funds	5,108	5,886
Tax on salaries	2,016	2,156
Other taxes payable	14,653	1,065
Total	32,131	10,376

The increase of taxes was due to the increase of VAT payment obligations because of the increase of transactions on the balancing market and the fact that the Group applies reverse charge for such transactions, according to Law no. 571/2003 on the Fiscal Code, and due to the increase of payment obligations for the tax on dividends and the duty on special buildings, which are not due yet and are in balance as at June 30, 2015.

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14. INCOME

The tariffs approved by the Regulatory Authority for Energy ("ANRE") for the six-month period ended June 30, 2015, and June 30, 2014, are as follows:

	<u>Average transmission tariff</u>	<u>Average tariff for technological system services</u>	<u>Average tariff for functional system services</u>
• Order no. 96/2013 – for the six-month period ended June 30, 2014	22.16	13.26	1.74
• Order no. 51/2015 – for the six-month period ended June 30, 2015	22.50	13.96	1.42

During the six-month periods ended June 30, 2015 and June 30, 2014, the amount of electricity transmitted is as follows:

	<u>Six-month period ended June 30, 2015 (reviewed)</u>	<u>Six-month period ended June 30, 2014 (reviewed)</u>
Amount of electricity delivered to consumers (MWh)	26,269,823	25,452,359

Income obtained during the six-month period ended June 30, 2015 as compared to the six-month period ended June 30, 2014 is as follows:

	<u>Six-month period ended June 30, 2015 (reviewed)</u>	<u>Six-month period ended June 30, 2014 (reviewed)</u>
Income from electricity transmission	624,455	593,043
Income from allocation of interconnection capacities	50,404	23,987
Income from reactive power	4,280	3,033
Income from Inter TSO Compensation (ITC)	163	207
Income from CPT transactions	37	148
Income from transmission service - total	<u>679,339</u>	<u>620,418</u>

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14. INCOME (continued)

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	<i>(reviewed)</i>	<i>(reviewed)</i>
Income from functional system services	37,303	44,289
Income from technological system services	331,451	340,250
Income with unplanned exchanges on the DAM	921	1,283
Income from system services – total	369,675	385,822
Income on the balancing market	352,109	287,193
Other income	35,779	21,573
Total income	1,436,902	1,315,006

In S I 2015, the income from transmission services increased as compared to S I 2014 by 731,412, mainly due to the increase of electricity delivered to consumers by approximately 3.2% (817,464 MWh) and by a slight increase of the average tariff for the market by approximately 2% (0.47 RON/Mwh)

Income from functional system services

Given that the amount of electricity delivered to consumers increased in S I 2015 compared to S I 2014 by approximately 3.2%, the income from functional system services decreased by 6,986 due to the decrease of the average tariff for such services starting from July 1, 2014.

Income from the allocation of interconnection capacity

Income from the allocation of the interconnection capacity increased in S I 2015 compared to S I 2014 by 26,417 determined mainly by the requirement of the market participants to acquire interconnection capacity.

The mechanism of allocating the interconnection capacity consists of organizing annual, monthly, daily and intraday tenders. The annual, monthly and intraday tenders are explicit, which means that only the transmission capacity is tendered, and the daily tenders are implicit, which means that the capacity is allocated at the same time with the power, through the coupling mechanism.

Under the 2015 annual interconnection capacity tender mechanism, the annual ATC increased, as well as the price for one MWh in such tenders, in particular in relation to Hungary and Serbia, thus registering higher income.

In monthly interconnection capacity tenders, the monthly ATC increased, as well as the price for one MWh awarded, generating a higher monthly income. Participants on the export Hungarian and Serbian markets showed a greater interest, which significantly increased prices compared to 2014.

In daily tenders, the income from the allocation of interconnection capacity on the Hungarian border has increased, due to the implementation of project 4M MC involving the coupling of Romanian, Hungarian, Czech and Slovak markets on this tender timeline. The income from the allocation of interconnection capacity on the Bulgarian border has increased as well due to a greater interest from market participants in purchasing interconnection capacity on this border line.

The rationale behind the establishment on November 19, 2014 of the regional energy market by Romania, Hungary, The Czech Republic and Slovakia is for the four countries to practice a single price for the electricity traded on spot markets. The allocation of capacity between Romania and Hungary, the only country of the 3 with which Romania has common border, is performed by transporters, Transelectrica and MAVIR, under a common mechanism established by a bilateral agreement.

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14. INCOME (continued)

The interconnection capacity allocation market is floating and prices increase according to demand and the electricity market participants' need to purchase interconnection capacity. The income from the allocation of the interconnection capacity is registered and used in accordance with the provisions of Art. 22(4) of ANRE Order no. 53/2016 and Art. 16(6) of (EC) Regulation no. 714/2009, as funding source for investments to increase the interconnection capacity with the neighboring systems.

Income from technological system services

In S I 2015, the income from technological system services decreased as compared to S I 2014 by 8,799, due to the decrease of the average tariffs applicable for such services as of July 1, 2014. The decrease in the tariff related to the technological services has been established by ANRE in accordance with the applicable methodology, for partial compensation (in proportion of 80%) of the profit recorded in the first semester of 2014.

The income from technological system services obtained in S I 2015 was lower than the expenses with technological system services, which caused a loss from non-profit activities in amount of 31,133.

The expenses related to the system services have increased through the supplementation of the power reserves acquired by the Company in accordance with HG 1178/2014 as compared with the power reserves taken into consideration when establishing the tariff as at July 1, 2014. These additional costs have been recognised in the tariff applicable for periods starting after July 1, 2015.

Income on the balancing market

Income on the balancing market has registered an increase in S I 2015 as compared to S I 2014 by 64,916 because of the behavior of participants on this market. The balancing market is a segment of activity of zero profit for the Parent.

15. EXPENSES WITH SYSTEM OPERATION AND ON THE BALANCING MARKET

The expenses incurred during the six-month period ended June 30, 2015 as compared to the six-month period ended June 30, 2014 are as follows:

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	<i>(reviewed)</i>	<i>(reviewed)</i>
Expenses with own technological consumption	94,667	88,439
Expenses with congestions	868	-
Expenses with power consumption in ETG substations	7,208	7,187
Expenses with functional system services	6,251	5,071
Expenses with ITC (Inter TSO Compensation)	12,544	6,750
Total expenses with system operation	121,539	107,447
Expenses with technological system services	363,584	306,978
Expenses with the balancing market	352,109	287,193
Total	837,232	701,618

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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15. EXPENSES WITH SYSTEM OPERATION AND ON THE BALANCING MARKET (continued)

Expenses with own technological consumption

These are expenses for the purchase of electricity from the unregulated energy market needed to cover own technological consumption in the PTG. The increase of such expenses by 6,228 in S I 2015 compared to S I 2014 was driven by the increase of approximately 9.29% in the amount of electricity required to cover the own technological consumption in the PTG i.e., from 491,524 MWh in S I 2014 to 532,277 MWh in S I 2015. The factors that influenced this increase have been the following:

- The increase of the electric energy inserted in the PTG, which determined the increase of losses through Joule effect;
- The unfavorable weather conditions that determined the increase in losses through Corona effect;
- Unfavorable influences of the physical fluxes of import/export (an increase export on the North zone), that determined an increased flow in the South zone of the country;
- An unfavorable structure of the production that lead to an increase in the electric energy transportation on longer distances from the production zones

Expenses with congestions

Congestions (network restrictions) are requests for electricity transmission above the technical capacity of the grid, requiring corrective actions by the transmission and system operator. They occur if, when programming the operation or during the real time operation, power flows between two nodes or two system areas lead to failure of complying with safety parameters in the functioning of the electricity system.

The congestion expenses registered in S I 2015 amounted to 869.

Expenses with functional system services

The expenses with the functional system services represent the un-contracted international exchanges of electricity with neighboring countries and unplanned exchanges on the Day Ahead Market (DAM).

Expenses with functional system services increased in S I 2015 compared to S I 2014 by 1,180, mainly because the expenses on the balancing market with unplanned electricity exchanges (unplanned exports) increased, further to the growth in prices on centralized electricity markets.

Expenses with Inter TSO Compensation (ITC)

ITC expenses represent the monthly receivable/payable obligations for each TSO. They are established under the settlement/compensation mechanism following the use of the power transmission grid (TG) for the transit of electricity between TSO operators from 35 countries that adhered to the mechanism implemented by ENTSO-E and were higher by 5,794 compared to S I 2014.

Expenses with the technological system services

Technological system services are purchased by the Group from producers with the aim of maintaining the level of operational safety of the NPS and the quality of electricity transmitted within the parameters provided in applicable technical rules.

Such services are contracted:

- under a regulated regime, based on ANRE Decisions;
- under competition mechanisms.

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15. EXPENSES WITH SYSTEM OPERATION AND ON THE BALANCING MARKET (continued)

In accordance with the provisions of GD no. 138/08.04.2013 on the adoption of certain measures for the safe delivery of electricity, revised, the Group acquired technological system services under the conditions issued by ANRE, as follows:

- from SC Complexul Energetic Hunedoara SA, at at least 400 MW between April 15, 2013 and July 1, 2015;
- from SC Complexul Energetic Oltenia SA, at at least 600 MW between April 15, 2013 and July 1, 2015.

In accordance with the provisions of GD no. 1178/2014 on the adoption of certain measures for the safe operation of the NPS for the period January 1 – February 28, 2015, it was approved to purchase additional technological system services needed by CNTEE Transelectrica SA to ensure the safe and steady operation of the NPS. The Company must deliver as a matter of priority the dispatch services for the electricity produced by thermo-power plants as regulated by the Regulatory Authority for Energy (ANRE).

For the period July 1, 2015 – June 30, 2016, the technological system services will be purchased from SC Hidroelectrica SA (ANRE decision no. 1377/25.06.2015) under a regulated mechanism.

In S I 2015, the expenses with the technological system services increased as compared to S I 2014 by 56,606.

Balancing market expenses

Balancing market expenses result from transactions performed on this market, being entirely matched by the balancing market income.

16. OTHER OPERATING EXPENSES

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
	<i>(reviewed)</i>	<i>(reviewed)</i>
Other expenses with third party services	19,551	214
Postal and telecommunications expenses	1,301	1,519
Rentals	5,607	6,375
Expenses with impairment allowances for trade and other receivables	(4,682)	20,487
Expenses with impairment allowances for non-current assets	6,023	-
Others	27,010	25,845
Total	54,810	54,440

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

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17. NET FINANCIAL RESULT

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014 <i>(reviewed)</i>
Interest income	6,698	10,154
Income from foreign exchange differences	15,852	23,654
Other financial income	2,436	761
Total financial income	24,986	34,569
Expenses with foreign exchange differences	(16,811)	(8,666)
Expenses with interest	(15,123)	(18,885)
Total financial expenses	(31,934)	(27,551)
Net financial result	(6,948)	7,018

The financial revenues have decreased in S I 2015 with the amount of 9,583 as compared to S I 2014 determined mainly by the decrease of the interest gained from the bank accounts and bank deposits (reduction of NBR of the interest rate policy), by the fact that the favorable exchange differences have been lower, and the dividends to be received from the subsidiaries diminished.

The financial expenses have increased in S I 2015 by 4,383 as compared to S I 2014, increase determined by the evolution of the exchange rate of the national currency reported to the currencies in which the Group has contracted investment loans.

The net financial result recorded during S I 2015 has been influenced both by the decrease in the financial revenues and by the increase in the financial expenses.

The exchange rate of the national currency recorded as at June 30, 2015 as compared with June 30, 2014 is as follows:

Currency	June 30, 2015	June 30, 2014
RON / Euro	4.4735	4.3870
RON / Dolar SUA	3.9969	3.2138
RON / Yen japonez	0.0326	0.0317

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18. COMMITMENTS AND CONTINGENCIES

Commitments

As at June 30, 2015 and December 31, 2014, the Group registered commitments in amount of 466 and 345 representing mainly contracts in progress for investment works for the modernization and upgrading of the transmission grid.

Contingencies

Litigation

- Eolica Dobrogea SRL has filed a legal action against the Group compelling it to conclude a connection contract. At the hearing of April 12, 2013, the court rejected the request filed by Eolica Dobrogea SRL regarding the illegality of the suspensive conditions provided under article 5.1 (e) of the connection contract. At the hearing of February 8, 2013 the court annulled Letter no. 37650/December 16, 2011, and established that the suspensive conditions provided in the connection contract had been fulfilled within the contractual term and compelled the Group to enforce the connection contract. Both the Group and Eolica Dobrogea SRL filed appeal against the sentence of February 8, 2013. The first court hearing to settle the appeal was set for May 15, 2014. No pecuniary claim has been filed by Eolica Dobrogea SRL.

On February 5, 2015, the Administrative and Tax Disputes Section of the High Court of Cassation and Justice issued decision no. 464/05.02.2015 acknowledging the waiver of judgment of the incidental application to intervene filed by SC Rokura SRL.

The court admitted the appeals filed by the Power Transmission Company Transelectrica S.A., by S.C. Eolica Dobrogea (Schweiz) AG and by Iberdrola Renovables Energia S.A. against Civil Sentence no. 600 of February 8, 2013 of the Court of Appeal – Section VIII Administrative and Tax Disputes.

The court admitted the appeal filed by S.C. Eolica Dobrogea S.R.L. by insolvency administrator Aqua Insolvență IPURL against Civil Sentence no. 1313 of April 12, 2013 of the Bucharest Court of Appeal – Section VIII Administrative and Tax Disputes. It quashed the challenged sentences and remanded the case to the Bucharest Tribunal – Civil Section. Irrevocable.

The file was registered on the dockets of the Bucharest Tribunal under no. 10994/3/2015. In the report of May 8, 2015, the Bucharest Tribunal – Civil Section V admitted the exception of the lack of functional competence and sent the case to Civil Section VI of the Bucharest Tribunal to be settled by a panel specialized in professional disputes.

The file was registered on the dockets of the Bucharest Tribunal – Civil Section VI under no. 10994/3/2015*, and the court hearing was scheduled for October 23, 2015.

- On March 4, 2014, the European Commission issued a press release announcing that it imposed a fine of EUR 1,031 thousand to the subsidiary OPCOM S.A. for abusing its dominant position in the Romanian market for facilitating electricity spot trading, in breach of EU antitrust rules. The Commission considers that OPCOM's parent company, Transelectrica, is also liable for the breach. The Commission has imposed a EUR 1,031 thousand fine to the subsidiary OPCOM and the parent company, which are jointly liable for paying the fine.

In the meeting of June 10, 2014, the General Meeting of Shareholders of the subsidiary OPCOM S.A. decided to pay the entire fine in amount of EUR 1,031 thousand imposed by the Directorate General for Competition – European Commission for breaching Article 102 of the Treaty on the Functioning of the European Union, according to the Decision in the AT case 39984. The subsidiary S.C. OPCOM S.A. has paid the entire fine imposed by the European Commission.

On November 24, 2014, the subsidiary SC OPCOM SA initiated legal proceedings against CNTEE Transelectrica SA claiming payment of EUR 582 thousand (2,585 at the NBR exchange rate of November 24, 2014), representing the amount paid by it as fine, out of the total fine of EUR 1,031 thousand.

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18. COMMITMENTS AND CONTINGENCIES (continued)

Subsidiary SC OPCOM SA also requested the court of law to order the Group to pay RON 84.867 as legal interest for the period June 11, 2014 – November 24, 2014.

The proceedings filed by subsidiary SC OPCOM SA form the object of File no. 40814/3/2014 on the dockets of the Bucharest Tribunal, Civil Section VI. The subject matter of the file is claims with regard to professional disputes. CNTEE Transelectrica SA filed a statement of defense to the application for legal action in this case, invoking exceptions and substantial defense regarding the ungrounded nature and unlawfulness of the action.

On July 24, 2015, the Bucharest Tribunal issued Sentence no. 4275/2015, ordering as follows: "Admits the application for legal action filed by plaintiff Operator of the Electricity and Natural Gas Market – OPCOM S.A. against defendant Power Transmission Company Transelectrica S.A. Orders the defendant to pay the plaintiff EUR 582 thousand representing the amount paid by the plaintiff in the defendant's place from the fine of EUR 1,031 thousand imposed by the European Commission Decision of March 5, 2014 in case AT.39984, as well as the legal interest to the amount of EUR 582,086.31, calculated from June 11, 2014 until the actual payment date. It orders the defendant to pay the plaintiff the amount of RON 37,828.08 as trial expenses. The sentence may be appealed within 30 days from communication. The application for appeal must be filed at the Bucharest Tribunal – Civil Section VI."

As at the date of these financial statements, the sentence issued in the file mentioned above has not been communicated.

For the litigation with subsidiary SC OPCOM SA, the Group registered in 2014 a provision of 2,670.

- In 2013, Conaid Company SRL filed a legal action against CN Transelectrica for the latter's ungrounded refusal to execute an additional act to the connection contract or a new connection contract, and claimed damages for the expenses incurred up to that time in amount of 17,419 and for the unrealized profit between 2013 and 2033 in amount of EUR 722,756 thousand. Until present, the Group did not conclude an additional act to the connection contract as Conaid Company SRL has failed to fulfil the suspensive conditions included in the contract. A new connection contract should have been concluded until March 11, 2014, the date when the technical connection permit expired. As at the date of these financial statements, the amounts claimed by Conaid Company SRL were considered contingencies as it is unlikely that, to settle this liability, outflows of resources incorporating economic benefits will be required, and the value of the liability cannot be assessed with a sufficient degree of reliability. File no. 5302/2/2013 is on the dockets of the High Court of Cassation and Justice, Administrative and Tax Disputes Section. The subject matter of the file is the obligation to issue administrative deed, in second appeal. The court hearing is scheduled for September 16, 2015.
- The Group is involved in significant disputes in which it acts as plaintiff, in particular for the recovery of receivables (e.g., Eco Energy, Petprod SRL, Total Electric Oltenia and Arcelormittal Galati). The Group has registered impairment allowances for clients, other receivables under litigation and bankrupt clients. Also, the Group acts as plaintiff in a dispute with the National Agency for Fiscal Administration, as revealed in Note 5.

19. TRANSACTIONS WITH RELATED PARTIES

Transactions with other State-owned companies

The Group's transactions for the transmission of electricity and other activities delivered as system operator and operator of the electricity market are carried out based on contractual relations, regularly with majority State-owned companies (for instance, Electrica Furnizare SA, Electrica SA, Hidroelectrica SA, Complexul Energetic Oltenia SA, Electrocentrale Bucuresti SA, Nuclearelectrica SA, SC Complexul Energetic Hunedoara SA etc.).

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20. FINANCIAL INSTRUMENTS

a) *Causes of financial risks*

Credit risk

The credit risk is the risk where the Group bears a financial loss if a client or a counterparty in a financial instrument fail to fulfil their contractual obligations. This risk mainly results from trade receivables and cash and cash equivalents.

The counterparty risk is treated based on internal and external success factors of the Group. External success factors – which have effect on the systematic mitigation of risk: the decentralization of the energy sector where production, transmission, distribution and delivery are distinct activities, and the interface with the consumer is ensured by the provider, the trading of electricity on the Romanian market on two market segments: regulated market and competition market. Internal success factors in treating counterparty risk include: extension of client portfolio and extension of services offered on the electricity market.

Financial assets, which may expose the Group to collection risk, include mainly trade receivables and cash and cash equivalents. The Group has implemented policies through which it makes sure that services are sold to clients that can pay properly. The value of receivables, net of impairment allowances, is the maximum amount subject to collection risk.

The collection risk related to such receivables is low since these amounts are due mainly by State-owned companies.

The maximum exposure to credit risk as at the reporting date is:

	Net value	
	June 30, 2015	December 31, 2014
	<i>(reviewed)</i>	<i>(audited)</i>
Financial assets		
Trade receivables	631,299	956,746
Cash and cash equivalents	919,334	894,233
Non-reimbursable funds receivable	-	-
Other receivables	95,062	107,336
	1,645,695	1,958,315

The maturity of the trade receivables as at the statement of financial position is:

	Gross value June 30, 2015	Provision June 30, 2015	Gross value December 31, 2014	Provision December 31, 2014
	<i>(reviewed)</i>	<i>(reviewed)</i>	<i>(audited)</i>	<i>(audited)</i>
Outstanding, not due	435,459	38	944,463	932
1 to 30 days overdue	50,487	472	6,130	865
31 to 90 days overdue	25,150	779	5,350	1,234
90 to 180 days overdue	3,912	1,167	4,031	548
180 to 270 days overdue	5,775	4,784	1,590	1,422
270 to 365 days overdue	3,598	3,423	643	463
More than one year	189,080	71,498	81,785	81,782
Total	713,461	82,162	1,043,992	87,246

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20. FINANCIAL INSTRUMENTS (continued)

The status of the maturity of "Other receivables" as at the statement of financial position was:

	Gross value June 30, 2015	Provision June 30, 2015	Gross value December 31, 2014	Provision December 31, 2014
	(reviewed)	(reviewed)	(audited)	(audited)
Outstanding, not due	81,740	455	75,167	2,560
1 to 30 days overdue	3,493	4	2,509	-
31 to 90 days overdue	3,818	2,195	25,576	245
90 to 180 days overdue	6,570	2,258	2,104	393
180 to 270 days overdue	6,105	2,839	5,211	1,453
270 to 365 days overdue	94	-	5,530	5,326
More than one year	75,617	74,624	72,858	71,552
Total	177,437	82,375	188,865	81,529

As at June 30, 2015, the Group registered the highest impairment allowances for SC Petprod SRL (29,242), SC Eco Energy SRL (24,736), SC Total Electric Oltenia SA (14,185), RAAN (7,206), Also Energ (7,177). The Group's relationship with such clients is as follows: in litigation/listed in the receivables' table for clients in insolvency/conclusion of scheduling convention.

The evolution of provisions for trade receivables is as follows:

	June 30, 2015	December 31, 2014
	(reviewed)	(audited)
Balance as at January 1	87,246	86,803
Provisions recognized	8,768	11,589
Reversal of provisions	(13,852)	(11,145)
Balance as at the end of the period	82,162	87,246

The evolution of the provisions for other receivables is as follows:

	June 30, 2015	December 31, 2014
	(reviewed)	(audited)
Balance as at January 1	81,529	52,557
Provisions recognized	4,955	31,421
Reversal of provisions	(4,109)	(2,449)
Balance as at the end of the period	82,375	81,529

Impairment allowances for bad debts and other bad debts are detailed in Note 5.

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21. SUBSEQUENT EVENTS

ANRE Order no. 87/June 10, 2015 on the amendment and supplementation of the Methodology laying down the tariffs for the electricity transmission service, approved by Order no. 53/2013 of the President of the Regulatory Authority for Energy

ANRE Order no. 87/2015 made the required changes as regards the calculation of the zonal tariffs under the methodology laying down the transmission tariffs, ensuring the methodological support to implement the new zonal tariffs approved by ANRE Order no. 89/2015.

ANRE Order no. 89/June 15, 2015 on the approval of zonal tariffs applicable to the transmission service for inputting electricity into the grid [T(G)] and the average tariff for inputting electricity into the grid, imposed by economic operators in the electricity sector

By Order no. 89/June 15, 2015, ANRE approves the zonal tariffs applicable to the transmission service for inputting electricity into the grid [T(G)] and the average tariff for inputting electricity into the grid, charged by the Power Transmission Company "Transelectrica" - S.A. starting from July 1, 2015.

Order no. 93/June 25, 2015 on the approval of the average tariff for the transmission service, the tariff for the system service, the zonal tariffs applicable to the transmission service for extracting electricity from the grid [T(L)], the average tariff for extracting electricity from the grid and the regulated price for reactive power, imposed by the Power Transmission Company "Transelectrica" - S.A.

By Order no. 93/June 25, 2015, ANRE approves the average tariff for the transmission service, the tariff for the system service, the zonal tariffs applicable to the transmission service for extracting electricity from the grid [T(L)] and the average tariff for extracting electricity from the grid, as provided in the annex which forms an integral part of Order no. 93/2015, as well as the regulated price for reactive power of RON 0.05/kVArh, imposed by the Power Transmission Company "Transelectrica" - S.A. starting from July 1, 2015.

DECISION no. 859/April 8, 2015 on the regulated prices and quantities for the acquisition of system technological services provided by S.C. Complexul Energetic Hunedoara S.A.

Under GD no. 941/2014 amending Art. 4 of GD no. 138/2013, ANRE issued Decision no. 859/April 8, 2015 whereby CNTEE "Transelectrica" S.A. purchases between July 1, 2015 and June 30, 2016 from S.C. Complexul Energetic Hunedoara S.A, regulated technological system services in the quantities and at the prices provided in the annexes to the decision.

Appointment of member in the Directorate

By Decision no. 88/July 27, 2015, the Supervisory Board appointed Mr. Cătălin Lucian CHIMIREL as member of the Directorate, following the completion of the selection process for filling the vacancy in the Directorate, which was carried out according to GEO no. 109/2011 on the corporate governance of public enterprises, as revised. The mandate is granted over the remainder of the validity period of his predecessor's mandate, i.e., until September 16, 2017.

The appointment of Mr. Cătălin Lucian CHIMIREL became effective starting from the execution date of the declaration of acceptance of the mandate of member of the Directorate of the Power Transmission Company "Transelectrica" SA, i.e., July 29, 2015. As of the same date, Mr. Cătălin Lucian CHIMIREL's position of member in the Supervisory Board of CNTEE Transelectrica SA held from July 21, 2014, ceases.

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21. SUBSEQUENT EVENTS (continued)

Legal proceedings against the registration with the Trade Registry of the increase of share capital of subsidiary SC Smart SA

The Power Transmission Company "Transelectrica" SA filed legal proceedings for the annulment of Designated Person Resolution no. 154954/December 30, 2014, issued in File no. 449314/December 23, 2014, whereby the Trade Registry Office attached to the Bucharest Tribunal registered the share capital increase of subsidiary Smart SA by in-kind contribution and the amendment on the Constitutive Act under Decision no. 12375/December 22, 2014 of the President of the subsidiary's Board of Directors and Decision no. 19/December 22, 2014 of the Board of Directors. Also, the Company requested the court to annul the two decisions mentioned above and suspend the enforcement of the deeds requested to be annulled until the settlement of the action filed.

As at the date of these interim financial statements, the resolution requested to be annulled has not been published in the Official Journal Part IV. The aim of the share capital increase was to enforce the provisions of the privatization legislation, namely the obligation to increase the share capital by the value of the land owned by Smart SA, for which certificates attesting to the property title have been obtained, and by issuing shares for the Romanian State. The shareholding of subsidiary Smart SA, as registered with the Trade Registry pursuant to Designated Person Resolution no. 154954/December 30, 2014 is the following:

- | | |
|--|----------------------------|
| - CNTEE Transelectrica SA | 70.005% - 3,852,860 shares |
| - Romanian State through the General Secretariat of the Government | 29.994% - 1,650,770 shares |

Transelectrica SA filed application for injunction (requesting the suspension of all deeds whereby the share capital was increased), which forms the object of File no. 13987/3/2015 on the dockets of the Bucharest Tribunal - Civil Section VI.

On June 15, 2015, the Bucharest Tribunal issued Sentence no. 3401/2015, whereby it ordered as follows: "Rejects as ungrounded the exception of lack of capacity to stand trial of the Romanian State through the General Secretariat of the Government. Rejects as ungrounded the application for legal action filed by plaintiff CN Transelectrica SA against defendants Filiala Societatea pentru Servicii de Mentenanță a Rețelei Electrice de Transport Smart SA, the Romanian State through the General Secretariat of the Government and the Trade Registry Office attached to the Bucharest Tribunal. The sentence may be appealed within 5 days from issuance. The application for appeal must be submitted to the Bucharest Tribunal – Civil Section VI, according to Art. 471(1) of the Civil Procedure Code. Issued in public session today, June 15, 2015."

Transelectrica SA has filed appeal. The file is registered with the Bucharest Court of Appeal – Civil Section VI. The next court hearing was scheduled for August 19, 2015 and was scheduled for September 21.

Transelectrica SA has also filed complaint against the resolution of the director of the Bucharest Trade Registry Office and against the deeds issued by Smart SA regarding the share capital increase. The complaint forms the object of File no. 14001/3/2015 on the dockets of the Bucharest Tribunal – Civil Section VI. The next court hearing is scheduled for September 7, 2015.