

CN Transelectrica SA
Company managed under two-tier system

Separate Simplified Temporary Financial Statements
as at and for the six months' period ended
30 June 2015

Prepared in accordance with
International Accounting Standard 34 – “Temporary Financial Reporting”

CN Transelectrica SA

Separate simplified statement of financial position as at 30 June 2015

(All amounts are in LEI, unless stated otherwise)

	Note	30.06.2015	31.12.2014
Assets			
Non-current assets			
Property, plant and equipment	4	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 other receivables	5	713.848.610	1.056.178.011
Cash and cash equivalents	6	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>		<i>733.031.420</i>	<i>733.031.420</i>
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	7	2.819.376.307	2.813.106.320
Non-current liabilities			
Long term deferred revenue	8	510.568.648	552.768.103
Borrowings	9	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	10	626.654.476	945.656.726
Other tax and social security liabilities	12	29.885.954	7.577.887
Borrowings	9	186.121.327	200.678.234
Provisions		18.088.339	24.784.498
Short term deferred revenue	8	34.028.819	33.069.502
Income tax payable		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

The accompanying notes 1-20 constitute integrant part of these separate simplified temporary financial statements.

CN Transelectrica SA

Separate profit and loss account for the six months' period ended on 30 June 2015

(All amounts are in LEI, unless stated otherwise)

	Note	01 April – 30 June 2015	01 April – 30 June 2014	01 January – 30 June 2015	01 January – 30 June 2014
Revenues					
Transmission revenues		318.696.631	293.888.234	679.339.274	620.418.389
System service revenues		172.708.995	181.703.606	369.675.044	385.821.550
Balancing market revenues		140.027.426	133.002.653	352.109.044	287.192.986
Other revenues		15.590.963	11.383.438	25.023.566	25.415.701
Total revenues	13	647.024.015	619.977.931	1.426.146.928	1.318.848.626
Operational expenses					
System operating expenses	14	(56.393.434)	(52.713.659)	(121.538.787)	(107.447.258)
Balancing market expenses	14	(140.027.426)	(133.002.653)	(352.109.044)	(287.192.986)
Technological system service expenses	14	(168.281.497)	(144.962.383)	(363.583.519)	(306.978.205)
Amortisement		(80.087.201)	(88.765.566)	(160.205.708)	(170.838.062)
Personnel expenses		(43.798.791)	(42.059.728)	(84.039.152)	(81.570.280)
Repairs and maintenance		(24.551.273)	(20.559.285)	(38.795.598)	(37.288.461)
Materials and consumables		(2.449.580)	(2.017.643)	(4.539.921)	(3.980.106)
Other operational expenses	15	(30.034.413)	(50.998.713)	(51.066.086)	(73.815.936)
Total operational expenses		(545.623.615)	(535.079.630)	(1.175.877.815)	(1.069.111.294)
Operating profit		101.400.400	84.898.301	250.269.113	249.737.332
Financial revenues		15.418.522	33.078.170	30.091.634	47.050.947
Financial expenses		(18.287.230)	(10.437.630)	(31.801.344)	(27.294.700)
Net financial result	16	(2.868.708)	22.640.540	(1.709.710)	19.756.247
Profit before tax		98.531.692	107.538.841	248.559.403	269.493.579
Income tax	11	(14.522.233)	(17.825.833)	(38.141.919)	(43.285.230)
Profit for the period		84.009.459	89.713.008	210.417.484	226.208.349

CN Transelectrica SA

Separate profit and loss account for the six months' period ended on 30 June 2015

(All amounts are in LEI, unless stated otherwise)

	<u>Note</u>	<u>01 April – 30 June 2015</u>	<u>01 April – 30 June 2014</u>	<u>01 January – 30 June 2015</u>	<u>01 January – 30 June 2014</u>
Profit of the period		84.009.459	89.713.008	210.417.484	226.208.349
Other comprehensive revenue		-	-	-	-
Total comprehensive revenue		84.009.459	89.713.008	210.417.484	226.208.349

The separate simplified temporary financial statements provided from page 1 to 28 have been approved by the Company management on ... and signed on its behalf by:

Directorate,

Ion-Toni TEAU
Directorate Chairman

Constantin VADUVA
Member

Octavian LOHAN
Member

Ion SMEEIANU
Member

Lucian Catalin CHIMIREL
Member

Maria IONESCU
Economic Director

Cristina STOIAN
Director of DSFT

Veronica CRISU
Manager, Accounting Depart.

The accompanying notes 1-20 constitute integral part of these separate simplified temporary financial statements.

CN Transelectrica SA

Separate statement of equity changes on 30 June 2015

(All amounts are in LEI, unless stated otherwise)

	Share capital	Share premium	Legal reserves	Revaluation reserve	Other reserves	Retained earnings	Total
Balance on 1 January 2014	1.091.525.913	49.842.552	57.703.302	669.257.305	18.340.125	727.227.938	2.613.897.135
Adjustment of share capital to inflation in order to cover the loss from the application of IAS 29	(358.494.493)						(358.494.493)
Comprehensive revenue of the period							
Profit of the period	-	-	-	-	-	226.208.349	226.208.349
Other comprehensive revenue, of which:							
Recognition of defined benefit plan actuarial gains	-	-	-	-	-	-	-
Total other comprehensive revenue of the period	-	-	-	-	-	-	-
Total comprehensive revenue of the period	-	-	-	-	-	226.208.349	226.208.349
Other items							
Transfer of revaluation reserve to retained earnings	-	-	-	(28.412.307)	-	28.412.307	-
Increase of legal reserve	-	-	-	-	-	-	-
Loss coverage from adjustment of share capital to inflation	-	-	-	-	-	358.494.493	358.494.493
Total other items	-	-	-	(28.412.307)	-	386.906.800	358.494.493
Contributions by and distributions to shareholders							
Structural funds related to long term assets such as public patrimony	-	-	-	-	5.320.580	-	5.320.580
Distribution of dividends	-	-	-	-	-	(163.319.400)	(163.319.400)
Total contributions by and distributions to shareholders	-	-	-	-	5.320.580	(163.319.400)	(157.998.820)
Balance on 30 June 2014	733.031.420	49.842.552	57.703.302	640.844.998	23.660.705	1.177.023.687	2.682.106.664
Balance on 1 January 2015	733.031.420	49.842.552	78.424.484	615.407.592	23.660.704	1.312.739.568	2.813.106.320
Comprehensive revenue of the period							
Profit of the period	-	-	-	-	-	210.417.484	210.417.484
Other comprehensive revenue, of which:							
Recognition of defined benefit plan actuarial losses	-	-	-	-	-	-	-
Total other comprehensive revenue	-	-	-	-	-	-	-
Total comprehensive revenue of the period	-	-	-	-	-	210.417.484	210.417.484
Other items							
Transfer of revaluation reserve to retained earnings	-	-	-	(25.445.330)	-	25.445.330	-
Increase of legal reserve	-	-	-	-	-	-	-
Other items	-	-	-	-	127.200	-	127.200
Total other changes	-	-	-	(25.445.330)	127.200	25.445.330	127.200
Contributions by and distributions to shareholders							
Write-off of long terms assets such as public patrimony	-	-	-	-	-	-	-
Structural funds related to long term assets such as public patrimony	-	-	-	-	1.216.001	-	1.216.001
Distribution of dividends	-	-	-	-	-	(205.490.698)	(205.490.698)
Total contributions by and distributions to shareholders	-	-	-	-	5.320.580	(205.490.698)	(204.274.697)
Balance on 30 June 2015	733.031.420	49.842.552	78.424.484	589.962.262	25.003.905	1.343.111.684	2.819.376.307

The accompanying notes 1-20 constitute integral part of these separate simplified temporary financial statements.

CN Transelectrica SA

Notes to the separate temporary financial statements as at 30 June 2015

(All amounts are in LEI, unless stated otherwise)

	Period of 6 months ended on 30.06.2015	Period of 6 months ended on 30.06.2014
Cash flows from operational activities		
Profit of the period	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 and other receivables	(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 expense, 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 revenues	(40.024.137)	11.181.787
Cash flows 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 & 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
Repayments 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

The accompanying notes 1-20 constitute integrant part of these separate simplified temporary financial statements.

CN Transelectrica SA

Notes to the separate temporary financial statements as at 30 June 2015

(All amounts are in LEI, unless stated otherwise)

1. General information

The main activity of the CN Transelectrica SA (“Company”) is: electricity transmission, system services and operator of the balancing market in accordance with the provisions of the operation licence 161/2000 issued by ANRE, approved under Decision 865/2000 of ANRE, with subsequent amendments and additions.

The address of its registered office is Blvd General Gheorghe Magheru no. 33, Bucharest 1. At present the Company’s executive team are active in the working location of Street Olteni no. 2-4, Bucharest 3.

The separate temporary financial statements elaborated on 30 June 2015 have not been audited.

2. Bases of preparation

a) Statement of compliance

These separate simplified temporary financial statements have been prepared in accordance with IAS 34 *Temporary financial reporting*. They do not include all the information necessary for a complete set of financial statements in accordance with the International Financial Reporting Standards (“IFRS”). Nevertheless certain notes are included in order to explain the significant events and transactions and understand the changes occurred in the Company’s financial position and performance since the last annual separate financial statements on and for the financial year ended 31 December 2014.

b) Professional judgment and estimations

The significant judgment used by the governing team in order to apply the Company’s accounting policies and the main sources of uncertainty with respect to the estimations has been the same as that applied to the separate financial statements as of and for the financial year ended 31 December 2014.

3. Significant accounting policies

The accounting policies applied to these temporary separate simplified financial statements are the same as those applied to the Company’s separate financial statements as of and for the financial year ended 31 December 2014.

4. Property, plant and equipment

The decrease in the total value of property, plant and equipment on 30 June 2015 compared to 31 December 2014 was determined by recording the amortisement of such assets.

In semester I of 2015 there was value increase of property, plant and equipment in progress, mainly represented by investments made in high voltage substations and lines as follows:

- The 400 kV OHL interconnecting Resita (Romania) - Panchevo (Serbia) – 11,377,910;
- Refurbishing the 220/110/20 kV substation Campia Turzii – 7,095,805;
- Increasing the safety of installations from the 400/220/110/10 kV substation Bucharest South - replacing the 10 kV equipment - Lot II – 6,728,180;
- Extending the 400 kV substation Cernavoda - stage I, replacing 2 shunt reactors – 4,920,490;
- Replacing the 220 kV circuit breakers in substation Alba Iulia – 2,966,366;
- Upgrading the control protection system of the 220/110 kV substation Tihau – 2,613,135;
- Refurbishing the 400/110/20 kV Tulcea Vest – 2,490,950;
- Connecting to the 110 kV underground line Militari-Domnesti circuits 1, 2 in the 400/110/20 kV substation Domnesti – 1,942,096;
- Upgrading the control protection system and the 20 kV station of the 220 /110/20 kV substation Vetis – 1,924,574;
- Replacing the 110/10 kV, 25 MVA transformers T3 & T4 with 110/(20)10 kV, 40 MVA ones in substation Fundeni – 1,733,967;
- Converting to 400 kV the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis - stage I - extending the 400 kV substation Iron Gates – 1,466,333;
- Replacing the 220 kV circuit breaker from the Bucharest South 2 bay in substation Ghizdaru – 1,198,498;

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Notes to the separate temporary financial statements as at 30 June 2015

(All amounts are in LEI, unless stated otherwise)

- Connecting the 30 MW cogeneration plant of SC Lukoil Energy & Gas Romania SRL to the Distribution Network into the 110 kV OHL Teleajen-Refinery-Petrochemistry, circuits 1 & 2 by work carried out in the 220/110 kV substation Teleajen –1,165,993;
- Replacing the batteries of accumulators in substations Pelicanu, Fundeni, Targoviste, and Turnu Magurele – 992.024;
- Replacing the 220 kV circuit breakers in the 220/110/20 kV substation Gradiste - 951.811;
- Installing two 100 A arc suppression coils and two 3000 kVA auxiliary service transformers in the 400/220/110/20 kV substation Sibiu Sud – 821,872;
- The 400 kV OHL Suceava - Balti for the project segment on Romania's territory – 661,308;
- Replacing the tele-protection equipment of the 220 kV OHL Alba Iulia-Galceag and of the 220 kV OHL Alba Iulia-Sugag – 536,179;
- Installing fire protection installations to the 200 MVA autotransformers 1 & 2 in substation Gradiste – 493,290.

In semester I of 2015 the biggest transfers from property, plant and equipment in progress to property, plant and equipment are mainly represented by commissioning investment objectives (constituting fixed assets) as follows:

- Connecting the 108 MW WPP Crucea in area of Crucea, Vulturii and Pantelimon localities, Constanta County to the RET by means of one 400 kV bay in the 400 kV electric substation Stupina, Constanta County – 9,432,039;
- Replacing the breakers in the 400 kV bays from Smardan substation (2 sets) – 3,456,111;
- Replacing the 110 kV circuit breakers in the 400/110/20 kV substation Draganesti Olt (5 sets) – 2,183,595;
- Replacing the 220 kV circuit breakers in the 220/110/20 kV substation Gradiste (2 sets) – 1,999,760;
- Connecting to the 110 kV UGL Militari-Domnesti, circuits 1 & 2 in the 400 / 110 kV substation Domnesti – 1,942,096;
- Reducing the galloping effects on the 400 kV OHL Cernavoda - Gura Ialomitei (C 2) and on the 400 kV OHL Cernavoda - Pelicanu – 1,453,161;
- Replacing the 220 kV circuit breaker in the 220 kV Bucharest South 2 bay in substation Ghizdaru – 1,198,498;
- Replacing the battery of accumulators in substations Targoviste, Pelicanu, Fundeni and Turnu Magurele – 992,024;
- Upgrading the tele-protection of the 400 kV OHL Isaccea Smardan, circuits 1 & 2 – 991,879;
- Extending the control system and the computerised access supervision with new functions in the objectives of TB Bacau and TB Craiova – 567,687;
- Arranging the archive storage space in the 220/110 kV transformer substation Timisoara – 562,693;
- Replacing the tele-protection equipment to the 220 kV OHL Alba Iulia - Galceag and the 220 kV OHL Alba Iulia – Sugag – 560,179;
- Replacing the circuit breakers of the 110 kV bays in substation Filesti (1 set) – 470,560;
- Consolidating the 400 kV OHL Iron Gates - Urechesti in the area of tower 129 – 414,758;
- Replacing tower 159 of the 400 kV OHL Iernut - Sibiu Sud – 367,725;

5. Trade and other liabilities

On 30 June 2015 and 31 December 2014 trade and other liabilities were as follows:

	30 June 2015	31 December 2014
Trade liabilities	710.220.769	1.040.377.900
Other liabilities	167.230.580	130.646.110
Advance payments to suppliers	-	47.637.415
Receivable VAT	-	5.735.273
Adjustments to depreciate doubtful trade liabilities	(81.227.291)	(87.246.448)
Adjustments to depreciate other doubtful trade liabilities	(82.375.448)	(80.972.239)
Total	713.848.610	1.056.178.011

Structure of trade liabilities:

	30 June 2015	31 December 2014
Clients – energy market	708.341.946	1.038.359.848
Other clients	1.878.823	2.018.052
Total	710.220.769	1.040.377.900

CN Transelectrica SA

Notes to the separate temporary financial statements as at 30 June 2015

(All amounts are in LEI, unless stated otherwise)

On 30 June 2015 the balance of trade and other liabilities amount to 710,220,769 and mainly represent the clients on the electricity market in sum of 708,341,946 (99%), of which the clients paying the contribution for high efficiency cogeneration amounting to 219,149,397.

On 30 June 2015 the clients on balance recorded decrease as compared to 31 December 2014 mainly because the collection of liabilities grew in comparison with 2014.

Thus on 30 June 2015 the Company recorded smaller liabilities under the support scheme (150,863,256 on 30 June 2015; 237,121,052 on 31 December 2014) mainly due to the over-compensation proceeds for 2011-2013 (in accordance with the provisions of GD 1215/2009) and the undue bonus / over-compensation for 2014.

From 1 January to 30 June 2015 the Company collected 142,226,029 representing over-compensation for 2011-2013, of which proceeds amounting to 398,505 from bank transactions and proceeds of 141,827,524 from compensations through the Institute of Management and Information- IMI (as per GD 685/1999), mainly from SC Electrocentrale Bucharest SA, Electrocentrale Oradea and SC Termo Calor SA.

On 30 June 2015 the Company registered receivable liabilities amounting to 117,211,304 from the 2011-2013 over-compensations, namely 63,467,054 from RAAN, 53,742,755 from CET Govora SA and 1,495 from SC Termo Calor SA.

Since the Romanian Authority for Nuclear Activities RAAN RA refused compensating mutual liabilities the Company applied the provisions of article 17 par 5 from Order 116/2013 of ANRE president approving the Regulation setting the collection of the contribution for high efficiency cogeneration and bonus payment for electricity produced under high efficiency cogeneration: *“in case the producer fails to pay the administrator of the support scheme all of his payment obligations according to the provisions herein, the support scheme administrator pays to the producer the difference between the value of invoices issued by the producer and the producer’s payment obligations to the support scheme, with clear indication of the said amounts on the payment document”* and has withheld the payment of the support scheme amounts owed to RAAN SA, represented by the bonus for March 2014 – May 2015 and by the ex-ante over-compensation for 2014.

CET Govora SA concluded Agreement C 135/30.06.2015 with CNTEE Transelectrica SA and Addendum 1/04.08.2015 on the compensation and payment spread-out of the sums representing liabilities from the 2011-2013 over-compensations and the undue bonus of 2014.

Under the Agreement the Company’s liabilities by CET Govora SA will be compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – May 2015 in sum of 34,005,787 withheld by applying the provisions of article 17 par 5 from Order 116/2013 of ANRE president.

The difference of 21,670,693 remaining to the Company to collect will be paid by CET Govora SA gradually in monthly instalments from July 2015 to August 2016, as estimated according to the Agreement.

In April 2015 ANRE issued the over-compensation decision for electricity and heat generated under high efficiency cogeneration in 2014, which produced liabilities amounting to 48,800,270, of which receivable liabilities of 19,146,051 are registered on 30 June 2015 from Electrocentrale Oradea and Termo Calor.

The Company has also applied the provisions of article 17 par 5 from Order 116/2013 of ANRE president to the producers over-compensation was registered for in 2014 (Electrocentrale Oradea and Termo Calor) and that have not paid the Company-issued invoices based on the decision of ANRE.

The main clients on balance 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, and Ciga Energy, the share of such clients in the total gross liabilities of the electricity market is 52% (65% on 31 December 2014).

Other liabilities

On 30 June 2015 other liabilities amounting to 167,230,580 include in the main:

- Debtor suppliers in sum of 44,958,199 for provided services, of which 44,938,396 are sums from transactions under the price coupling mechanism. This mechanism began on 19 November 2014, on which date the „4 Market Market Coupling” project targeting coupling of the day-ahead markets (DAM) of Romania, Hungary, Czech Republic and Slovakia became operational. In this price coupling mechanism of day-ahead markets, the energy exchanges correlate the day-ahead electricity transactions taking into account the interconnection capacity that the TSO provided in order to implicitly allocate it. CNTEE Transelectrica SA, in its capacity of TSO, transfers the electricity both in physical and in commercial terms to a neighbouring TSO (MAVIR- Hungary) and manages the congestion revenues along the respective interconnection (article 139 of Order 82/2014 of ANRE), being Implicit Participant to the Day-Ahead Market for SC OPCOM SA.

As Transfer Agent and Implicit Participant CNTEE Transelectrica SA has got the commercial task to settle the energy transacted between SC OPCOM SA and MAVIR.

- Delay penalties calculated for late paying clients in sum of 44,986,044, as well as receivables amounting to 44,442,936 to be recovered from ANAF (see the paragraph below).

CN Tranelectrica SA

Notes to the separate temporary financial statements as at 30 June 2015

(All amounts are in LEI, unless stated otherwise)

The greatest payment delay penalties were registered by the following clients- SC Eco Energy SRL (8,909,843), SC Petprod SRL (8,894,655), the Romanian Authority for Nuclear Activities (6,087,469), SC CET Govora (5,843,708), and Arcelor Mittal Galati (3,978,769), amounts that were also adjusted and included in the impairment adjustments for other doubtful liabilities.

Dispute with the National Agency of Fiscal Administration (“ANAF”)

The Company is in litigation with ANAF that issued a fiscal inspection report on 20 September 2011 regarding VAT return for September 2005 – November 2006 and a number of 123 unused invoices identified as missing, these being documents of special circuit, for which it estimated VAT collected in sum of 16,303,174 plus 27,195,557 as penalties. The total value of such obligations is 43,498,731. Such value was retained from the VAT paid by the Company in November 2011. Later on the Company found the amounts paid as current VAT were considered as payment for the obligations from the fore-mentioned fiscal inspection report. Thus the Company was compelled to pay additional penalties of 944,423 for the VAT that should have been paid in November 2011, in order to avoid debts to the State budget. In total in 2011 the Company paid 44,442,936. The Company resorted to all legal means to contest the taxation decision of ANAF; therefore it submitted complaint with ANAF against it and asked suspending the enforcement thereof until the complaint submitted to ANAF is settled by administrative means. The law court denied the request to suspend the enforcement of the fiscal inspection report. The Company considers the tax base was not reasonably determined by ANAF, which did not take into account the fully regulated nature of Company activities on the electricity market, therefore such base should be set in proportion with the number and value of Company-issued invoiced in the reviewed period. The Company deemed it was entitled to bring action in court and that ANAF did not take into account all the relevant data and documents in the estimation, as provided in the applicable Fiscal procedural code. Thus the Company sued ANAF to the Bucharest Court of Appeal in August 2012 to recover the amount and requested admission of the documents and of the accounting judiciary expertise as evidence.

On 18 September 2013 the expertise report was executed and submitted to the case file on 20 September 2013. On the hearing date of 18 October 2013 the parties objected to the judiciary expertise report, which were admitted by the Court of Appeal on 15 November 2013 and were notified to the designated expert. On the hearing date of 7 March 2014 the expert submitted his answer to the Company’s objections. Compared to the revenues assessed by ANAF in its report based on which it estimated VAT collected in amount of 16.303.174, the accounting judiciary expertise report found undue revenues in sum of 551,013, which should have been used in calculating the value added tax and the penalties to it. The hearing was adjourned in order to take notice of the answer to the objections from the expertise report.

On the hearing of 30.04.2014 the court of first instance, the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes (Ruling 1356/2014) in File 6657/2/2012 settled as follows: “Denies the request of claimant CNTEE Tranelectrica SA (Challenge of the administrative fiscal deed of ANAF)”. As of the completion date of these financial statements the court has not drawn up the ruling nor notified it to the Company. After notification an appeal can be filed within the legal term.

Adjustments for depreciation of doubtful trade liabilities and other unsecure one

Company policy provides registering allowances for value losses of 100% for the clients in litigation, under insolvency or bankruptcy procedures and 100% for trade and other liabilities not collected for more than 180 days. The Company is also performing individual case by case analysis of not collected trade and other liabilities.

On 30 June 2015 the largest depreciation allowances were registered for SC Petprod SRL (29,242,364), SC Eco Energy SRL (24,736,066), SC Total Electric Oltenia SA (14,185,577), RAAN (7,206,059) Also Energ (7,177,167). To recover such doubtful liabilities the Company took the following measures: instituting legal proceedings in court, enlisting in the creditors’ lists of such companies etc.

On 30 June 2015 the Company registered depreciation allowance in amount of 44,442,936 associated to the total liabilities paid in sum of 44,442,936 based on the estimations of the recovery likelihood.

The Company’s exposure to the credit and market risk, as well as the value adjustments for trade liabilities are provided in Note 19.

6. Cash and cash equivalents

On 30 June 2015 and on 31 December 2014 the cash and cash equivalents were as follows:

30 June 2015	31 December 2014
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(All amounts are in LEI, unless stated otherwise)

Current bank accounts and deposits	766.888.605	762.498.656
Cash and deposits from high efficiency cogeneration	70.214.034	102.342.568
Treasury bonds	49.999.723	-
Petty cash	107.227	66.246
Other cash equivalents	64.765	330.103
Total	887.274.354	865.237.573

Deposits with initial maturity less than 90 days, constituted out of cash and cash equivalents from current accounts, amounted to 599,200,000 on 30 June 2015 and to 636,986,300 on 31 December 2014.

Beginning with 1 April 2011 CNTEE Transelectrica SA, as administrator of the support scheme for high efficiency cogeneration, manages a special bank account collecting the high efficiency cogeneration contribution and debiting the associated bonus. The cash generated from the administration of this scheme amounted to 70,214,034 on 30 June 2015 and to 102,342,568 on 31 December 2014.

Treasury bonds amounted to 49,999,723 on 30 June 2015 and are falling due in August 2015.

The available cash from the connection rate amounted to 69,436,660 on 30 June 2015 and to 78,387,668 on 31 December 2014.

7. Shareholders' equities

In accordance with the provisions of GEO 86/2014 setting certain reorganisation measures for public central administration and amending certain norms, on 20 February 2015 the transfer of 43,020,309 shares was registered in the Company's Shareholder Register from the Romanian State's account managed by the Secretariat General of the Government into the Romanian State's account managed by the Ministry of Economy, Trade and Tourism.

At the end of each reporting period the Company's fully subscribed and paid share capital amounting to 733,031,420 is divided into 73,303,142 ordinary shares of 10 Lei/share nominal value and is consistent with the share capital registered in the Office of the Commercial Register.

The shareholder membership on 30 June 2015 and on 31 December 2014 was as follows:

Shareholder	30 June 2015		31 December 2014	
	Numar de actiuni	% din capitalul social	Numar de actiuni	% din capitalul social
Romanian State through the SGG	-	-	43.020.309	58,69%
Romanian State through the MECT	43.020.309	58,69%	-	-
SIF Oltenia	4.385.055	5,98%	4.385.055	5,98%
Private investors (legal and natural persons)	25.897.778	35,33%	25.897.778	35,33%
Total	73.303.142	100,00%	73.303.142	100,00%

The increase of shareholders' equity on 30 June 2015 compared to 31 December 2014 was mainly due to the registration of the net profit amounting to 210.417.484, which was achieved on 30 June 2015, in the retained earnings.

Dividends owed to shareholders from the 2014 profit amounted to 205,490,698 according to Decision 3/29.04.2015 of AGA.

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8. Deferred revenues

Deferred revenues include mainly the connection fee, other subsidies for investments, non-refundable European funds received from the Ministry of European Funds, plus revenues from the use of interconnection capacities.

The breakdown of deferred revenues on 30 June 2015 was as follows:

	30 June 2015	Of which: the short term part on 30.06.2015	31 December 2014	Of which: the short term part on 31.12.2014
Deferred revenues – allocation of interconnection capacity	2.594.063	2.594.063	2.119.050	2.119.050
Deferred revenues – European funds	107.045	107.045	436.693	436.693
Connection fee funds	390.072.591	19.738.575	432.646.349	20.270.338
European funds	117.296.763	6.907.469	114.534.022	6.320.904
Other subsidies	34.527.005	4.681.667	36.101.491	3.922.517
Total	544.597.467	34.028.819	585.837.605	33.069.502

The movement of short term deferred revenues in semester I of 2015 was as follows:

	30 June 2015	31 December 2014
Opening balance	33.069.502	35.472.072
Cash in advance related to the interconnection capacity	13.325.994	56.469.324
Proceeds from European funds	56.205	71.696
Transfer from long term deferred revenues	813.952	(1.439.715)
Revenues from the use of interconnection capacity	(12.850.982)	(57.478.791)
Revenues from European funds	(385.852)	(24.688)
ANRE revenues	-	(396)
Total	34.028.819	33.069.502

On 22 May 2015 CNTEE Transelectrica SA cashed the reimbursement application no. 2 in amount of 7,995,828 Lei for Refurbishment of the 400/110/20 kV substation Tulcea Vest.

9. Borrowings

• Long term borrowings

On 30 June 2015 the amount of long term borrowings decreased in comparison with 31 December 2014 mainly due to repaying the instalments falling due according to the loan agreements, as well as to the advance reimbursement of the loan contracted from BERD 33354. The anticipated reimbursement amounting to 5,767,948 (equivalent of 1,305,024.78 Euro) was made on 22.05.2015, with no extra costs.

In semester I of 2015 there have been no drawings from the loans.

The movement of borrowings in the six months' period ended 30 June 2015 was as follows:

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2015			985.906.500	
New drawings			0	
Refunds, of which:			(102.504.121)	
BEI 20.864	EUR	Notified on drawing	(16.105.429)	05-Dec-2015
NIB PIL No 02/18	USD	LIBOR+0.9%	(3.610.618)	15-Apr-2018
BIRD 7181	EUR	Variable	(17.684.395)	15-Jan-2020

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	Currency	Interest rate	Accounting value	Due date
NIB PIL No 03/5	EUR	EURIBOR+0.85%	(5.103.815)	15-Sept-2018
NIB PIL No 02/37	EUR	EURIBOR+0.9%	(2.732.167)	15-Sept-2018
KfW 10431	EUR	EURIBOR+0.6%	(4.927.397)	31-Jul-2017
KfW 11300	EUR	EURIBOR+0.6%	(7.150.473)	31-Jul-2017
JBIC	JPY	3.1%	(4.337.889)	15-Sept-2016
BERD 33354	EUR	EURIBOR+3%	(8.651.923)	25-May-2016 *)
BRD	RON	ROBOR+1.25%	(3.300.000)	31-Aug-2016
BEI 25709	EUR	3.596%	(5.342.157)	10-Sept-2025
BEI 25710	EUR	3.856%	(4.899.778)	11-Apr-2026
ING + BRD	EUR	EURIBOR+2.75%	(18.658.080)	13-Feb-2019
Unsecured bonds	RON	6.1%	-	19-Dec-2018
Exchange rate differences on refund date			1.046.184	
Balance on 30 June 2015			884.448.563	

*) The balance of BERD 33354 loan (remaining after payment of the current instalment) was paid in advance on 22.05.2015, with no extra costs.

On 30 June 2015 and 31 December 2014 the balance of long term borrowings contracted from credit institutions was:

Description	30 June 2015	31 December 2014
BEI 20.864	16.301.108	32.664.890
NIB PIL No 02/18	21.059.877	22.663.601
BIRD 7181	130.120.009	148.054.551
NIB PIL No 03/5	36.011.675	41.235.320
NIB PIL No 02/37	19.277.719	22.074.034
KfW 10431	24.133.900	29.107.693
KfW 11300	30.878.384	38.088.219
JBIC	12.840.180	16.180.482
BERD 33354	-	8.773.877
BRD	9.900.000	13.200.000
BEI 25709	113.080.139	118.692.648
BEI 25710	120.535.972	125.747.805
ING + BRD	150.309.600	169.423.380
Unsecured bonds	200.000.000	200.000.000
Total long term borrowings from credit institutions, of which:	884.448.563	985.906.500
Current portion of long term loans	(174.800.605)	(193.862.871)
Total long term loans net of current instalments	709.647.958	792.043.629

The long term share of borrowings will be reimbursed as follows:

	30 June 2015	31 December 2014
From 1 to 2 years	148.958.778	162.638.365
From 2 to 5 years	434.927.709	491.147.087
Over 5 years	125.761.471	138.258.177
Total	709.647.958	792.043.629

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The Company has never hedged against the currency risks related to its obligations in foreign currency or the exposure to risks associated to the interest rate.

All the long term borrowings, except for JBIC, BEI 25709 and BEI 25710, are bearing variable interest rates and consequently the book of long term loans is an approximation of their fair value.

• Short term borrowings

Short term loans are detailed as follows:

	30 June 2015	31 December 2014
Current share of long term credits	174.800.605	193.862.872
Short term bank credits (credit lines)	-	-
Interest rates of long term loans	4.746.278	6.374.806
Interest rates of bonds	6.574.444	440.556
Total short term loans	186.121.327	200.678.234

• Loans contracted for current activities

The Company committed 12 months' credit line contracted in January 2015 from BRD GROUP SOCIETE GENERALE SA, Big Corporate Clients Branch in order to finance the bonus for electricity produced under high efficiency cogeneration, available as overdraft in amount of 150,000,000. The credit line contracted by Transelectrica from BRD GROUP SOCIETE GENERALE SA was secured by:

- Chattel mortgage over the bank account opened;
- Chattel mortgage on the receivables from the contracts on the contribution for high efficiency cogeneration concluded with Cez Vanzare SA, E.ON Energie Romania SA, Repower Furnizare SRL, and Tinmar IND SA.

On 30.06.2015 the Company had not used the contracted credit line.

10. Trade and other liabilities

On 30 June 2015 and on 31 December 2014 trade and other liabilities were as follows:

	30 June 2015	31 December 2014
Suppliers on the energy market	372.467.981	572.297.292
Asset suppliers	32.726.031	41.160.838
Activity suppliers	20.964.809	34.888.693
Sums owed to employees	4.917.299	5.449.330
Other liabilities	195.578.356	291.860.573
Total	626.654.476	945.656.726

The decrease of liabilities to the suppliers on the electricity market was determined by:

- Reduced volume of transactions on the balancing market;
- Paying the pay liabilities on balance as of 31 December 2014 on the electricity market in semester I of 2015;

Such decrease in the total amount of liabilities was diminished by the higher cogeneration bonus unpaid to suppliers (qualified producers), in amount of 70,156,348 (38,661,059 on 31 December 2014).

The Company requested the generators (Company suppliers) that did not pay the over-compensation invoices to agree with compensating mutual liabilities at minimum level through the Institute of Management and Information (IMI), which manages in uniform manner all the information from tax-payers according to the provisions of GD 685/1999.

Taking into account the Romanian Authority for Nuclear Activities RAAN RA refused compensating mutual liabilities, the Company applied the provisions of article 17 par 5 from Order 116/2013 of ANRE approving the Regulation setting how the contribution for high efficiency cogeneration is collected and the bonus for electricity produced under high efficiency cogeneration is paid: "if the producer fails to pay the administrator of the support scheme all of his payment obligations as per the provisions herein, the support scheme administrator pays to the producer the difference between the value of the producer invoices and the producer's payment obligations to the support scheme, with clear indication of the said amounts

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on the payment document” and withheld the payment of the support scheme sums owed to RAAN SA, represented by bonus amounting to 32,134,228 for March 2014 - May 2015 and by the 2014 ex-ante over-compensation of 4,957,648.

In view of facilitating CET Govora SA to pay its liabilities to the support scheme the Company and CET Govora SA concluded Agreement C 135/30.06.2015 and Addendum 1/04.08.2015 for compensation and payment spread-out of the sums representing liabilities from the 2011-2013 over-compensation and the undue bonus for 2014.

The Company’s liabilities by CET Govora SA will be compensated under the Agreement with the liabilities to CET Govora, represented by the cogeneration bonus for May 2014 - May 2015 in amount of 34,005,787 retained by applying the provisions of article 17 par 5 from Order 116/2013 of ANRE president.

On 27.03.2015 the President of ANRE issued the decisions on the undue bonus / over-compensation, namely the settling quantum for the ex-ante over-compensation after reviewing the over-compensation of electricity and heat produced under high efficiency cogeneration in 01.01-2014-31.12.2014.

By applying the provisions of article 17 par 5 from Order 116/2013 of ANRE until 30.06.2015 the Company withheld from payment the bonus and the ex-ante over-compensation amounting to 70,156,348 owed to suppliers (qualified generator), since such generators have not paid the over-compensation in sum of 123,857,620 to the Company.

The main energy suppliers are SC Hidroelectrica SA, SC Complex Energetic Oltenia SA, MAVIR (markets coupling) and RAAN. On 30 June 2015 their share was 60% in the total number of energy suppliers.

The diminished balance of asset suppliers on 30 June 2015 compared to 31 December 2014 was due to the payment of invoices outstanding on 31 December 2014 at the beginning of 2015.

The structure of other liabilities is the following:

	30 June 2015	31 December 2014
Sundry payables	186.654.271	239.153.690
Client-creditors	3.314.426	49.269.419
Dividends payable	3.742.913	1.124.073
Other liabilities	1.866.746	2.313.391
Total	195.578.356	291.860.573

On 30 June 2015 the ‘Sundry payables’ in sum of 186,654,271 were mainly the operations related to the support scheme in amount of 182,947,908, namely the net positive value between:

- The over-compensation of electricity and heat production under high efficiency cogeneration for 2011-2013 receivable from generators, according to ANRE decisions (including the collectable contribution from electricity consumers) and the ex-ante over-compensation for 2014, on the one hand, and
- The bonus payable to energy producers under high efficiency cogeneration that are also beneficiaries of the support scheme, on the other hand;

‘Client creditors’ on 30 June 2015 were amounting to 3,314,426, of which 3,191,523 are sums the Company operates with the Ministry of Economy from Moldova for the Feasibility study on the synchronous interconnection of Ukraine and of the Republic of Moldova to ENTSO-E.

On 30 June 2015 dividends owed to Company shareholders amounted to 3,742,913, of which 2,673,937 relate to the dividends distributed from the 2014 profit. Such amounts are at the shareholders’ disposal by means of the payment agent.

11. Income tax

The current and deferred income tax of the Company is determined at the statutory rate of 16%.

The income tax expense on 30 June 2015 and on 30 June 2014 was:

	Q II 2015	Q II 2014	30 June 2015	30 June 2014
Current tax expense	15.542.983	18.226.754	40.378.719	47.215.501
Deferred income tax	(1.020.750)	(400.921)	(2.236.800)	(3.930.271)
Total	14.522.233	17.825.833	38.141.919	43.285.230

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*(All amounts are in LEI, unless stated otherwise)***12. Other tax and social security liabilities**

On 30 June 2015 and on 31 December 2014 other tax and social security liabilities included:

	<u>30 June 2015</u>	<u>31 December 2014</u>
Contribution to social security funds	3.970.637	4.801.378
VAT payable	9.746.949	-
Tax on salaries	1.474.227	1.771.705
Other tax payable	14.694.141	1.004.804
Total	<u>29.885.954</u>	<u>7.577.887</u>

On 30 June 2015 the Company registered payable VAT amounting to 9,746,949 compared to 31 December 2014, on which date the VAT liability amounted to 5,735,273 (Note 5), while the Fiscal Code was amended as regards reverse taxation applicable to transactions on the balancing market.

Thus the payable VAT increase on 30 June 2015 was owed to the diminished volume of transactions on the balancing market, which determined recording deductible VAT in amount of 13,405,077 (31,726,385 on 31 December 2014).

Also on 30 June 2015 higher payment obligations were recorded with respect to the dividends tax and the tax on special constructions, which liabilities have not yet fallen due and were on balance on 30 June 2015.

13. Operational revenues**Second quarter of 2015 in comparison with the second quarter of 2014**

Operational revenues include income obtained from services that the Company provided on the electricity market- transmission and system services, allocation of the interconnection capacity, managing the balancing market, and other revenues.

The revenues from transmission and system services were determined using the quantity of electricity delivered to consumers and the tariffs approved by ANRE as follow:

	<u>Average rate for transmission services</u>	<u>Average rate of technological system services</u>	<u>Average rate of functional system services</u>
Order 51/2014 – for Q II 2015	22.50	12.54	1.42
Order 96/2013 – for Q II 2014	22.16	13.28	1.74

The average rate of electricity transmission has got two components: tariff for electricity input into the grid (TG) and tariff for electricity taken out of the grid (TL).

The electricity quantity delivered to consumers in Q II 2015 respectively in Q II 2014 was the following:

	<u>Q II 2015</u>	<u>Q II 2014</u>
Electricity quantity delivered to consumers (MWh)	12.254.246	11.970.888

The revenues obtained in Q II 2015 and in Q II 2014 were as follows:

	<u>Q II 2015</u>	<u>Q II 2014</u>
Transmission revenues	288.782.462	281.275.135
Revenues from allocation of interconnection capacity	27.859.640	10.817.248
Reactive energy revenues	2.030.275	1.557.818
Inter TSO Compensation (ITC) revenues	18.027	104.619

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Revenues of CPT transactions	6.227	133.414
Transmission revenues – total	318.696.631	293.888.234
Revenues of functional system services	17.401.029	20.831.317
Revenues of technological system services	154.764.799	160.075.135
Revenues of unplanned DAM exchanges	543.167	797.154
System service revenues – total	172.708.995	181.703.606
Balancing market revenues	140.027.426	133.002.653
Other revenues	15.590.963	11.383.438
Total revenues	647.024.015	619.977.931

Transmission revenues

In Q II 2015 transmission revenues increased 7,507,327 compared to what was achieved in Q II 2014, mainly determined by the 2.3% higher electricity quantity (283,358 MWh) delivered to consumers.

Revenues from functional system services

Since the electricity quantity delivered to consumers increased by about 2.3% in Q II 2015 compared to Q II 2014 the revenues from functional system services decreased 3,430,288 because the average rate for such services was reduced beginning with 01 July 2014.

Revenues from the allocation of interconnection capacity

In Q II 2015 revenues increased 17,042,392 compared to the Q II 2014. The allocation mechanism of the interconnection capacity consists in annual, monthly, daily and intra-day bids. The annual, monthly and intra-day allocations are explicit, meaning the bid includes only the transmission capacity, and the daily allocations with Hungary are implicit, meaning that energy is simultaneously allocated with the capacity by means of the coupling mechanism.

The annual ATC increased with the price/MWh in these bids under the annual bidding mechanism of the 2015 interconnection capacity, especially in relation with Hungary and Serbia, thus higher revenues were recorded.

As regards the monthly bidding interval, the ATC increased with the MWh price resulting in higher monthly revenues. The Hungarian and Serbian borders, both exporters, were of higher interest for participants and recorded significantly higher prices than in 2014.

In the daily allocations revenues increased on the Hungarian border due to implementing the 4M MC project of markets coupling in Romania, Hungary, Czech Republic and Slovakia with this bid horizon but also on the Bulgarian border due to a higher interest of market participants to procure interconnection capacity on this frontier.

Beginning with 19 November 2014 the regional energy exchange was established by Romania, Hungary, Czech Republic and Slovakia, which means these four countries should reach to a single electricity price for transactions on spot markets. The transmission operators Tranelectrica and MAVIR allocate the capacity between Romania and Hungary, the only one of the 3 countries Romania has got frontier with, using a joint mechanism based on bilateral agreement.

The market allocating interconnection capacities is fluctuant, prices increase depending on demand and on the need of electricity market participants to procure interconnection capacity.

Revenues from the allocation of interconnection capacities are registered and used as financing source for investments that upgrade and enhance the interconnection capacity with neighbouring power systems, in accordance with the provisions of article 22 par (4) of Order 53/2016 of ANRE and of article 16 par (6) of the (EC) Regulation 714/2009.

Revenues from technological system services

In Q II 2015 technological system service revenues decreased 5,310,336 compared to Q II 2014, because the applicable average rate of such services diminished beginning with 01 July 2014. Such rate decrease for technological system services was set by the National Regulatory Authority in Energy according to the applicable methodology in view of compensating partially (80%) the profit registered in the first semester of 2014.

Revenues from technological system services achieved in Q II 2015 were smaller than the technological system service expenses, which led to a loss of 13,516,698 from zero profit activities.

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Revenues on the balancing market

Revenues achieved on the balancing market increased 7,024,773 in Q II 2015 compared to Q II 2014 as determined by the behaviour of participants on this market (notifications / achievements). The balancing market is zero profit activity segment for the Company.

Semester I 2015 compared with semester I 2014

In semester I 2015 and semester I 2014 the average rates applied in Q II 2015 and in Q II 2014 were maintained.

The electricity quantity delivered to consumers in semester I 2015 respectively in semester I 2014 was:

	<u>Sem. I 2015</u>	<u>Sem. I 2014</u>
Electricity quantity delivered to consumers (MWh)	26.269.823	25.452.359

Revenues achieved in semester I 2015 and semester I 2014 were as follows:

	<u>Sem. I 2015</u>	<u>Sem. I 2014</u>
Transmission revenues	624.455.097	593.042.932
Revenues from allocation of interconnection capacity	50.404.096	23.986.869
Revenues of reactive energy	4.279.723	3.032.716
Inter TSO Compensation (ITC) revenues	163.444	207.278
Revenues of CPT transactions	36.914	148.594
Transmission revenues – total	679.339.274	620.418.389
Revenues from functional system services	37.303.148	44.289.076
Revenues from technological system services	331.451.283	340.249.881
Revenues of unplanned DAM exchanges	920.613	1.282.593
System service revenues – total	369.675.044	385.821.550
Balancing market revenues	352.109.044	287.192.986
Other revenues	25.023.566	25.415.701
Total revenues	1.426.146.928	1.318.848.626

Transmission revenues

In semester I 2015 transmission revenues increased in amount of 31,412,165 compared to semester I 2014 because the electricity quantity delivered to consumers grew by about 3.2% (817,464 MWh) and the average tariff on this market slightly increased about 2% (0.47 Lei/MWh).

Revenues from functional system services

Since the electricity quantity delivered to consumers increased about 3.2% in semester I 2015 compared to semester I 2014, revenues from functional system services recorded decrease of 6,985,928 resulting from the reduced average rate of such services beginning with 01 July 2014.

Revenues from the allocation of interconnection capacity

Revenues from the allocation of interconnection capacities increased 26,417,227 in semester I 2015 against semester I 2014 mainly due to the need of market participants to procure interconnection capacity (see what was mentioned for Q II 2015).

Revenues from technological system services

In semester I 2015 technological system service revenues decreased 8,798,598 compared to semester I 2014 because the applicable rate of such services decreased beginning with 01 July 2014. Such rate decrease for technological system services was set by the National Regulatory Authority in Energy according to the applicable methodology in view of compensating partially (80%) the profit registered in the first semester of 2014.

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Revenues from technological system services achieved in semester I 2015 were smaller than the technological system service expenses, which led to a loss of 32,132,236 from zero profit activities.

System service costs increased by supplementing the power reserves that the company procured according to GD 1178/2014, as compared to the power reserve quantities considered when the tariff was set on 01 July 2014. Such additional costs were recognised in the tariff applicable from 01 July 2015 onward.

Balancing market revenues

Such revenues increased in amount of 64.916.058 in semester I 2015 compared to semester I 2014 due to the behaviour of participants on this market (notifications / achievements). The balancing market is zero profit activity segment for the Company.

14. System operation and balancing market expenses

Q II 2015 compared to Q II 2014

Expenses made in Q II 2015 compared to Q II 2014 were as follows:

	Q II 2015	Q II 2014
Expenses of technological losses	43.905.759	42.988.851
Congestion expenses	322.854	0
Electricity consumption in RET substations	3.337.965	3.637.320
Expenses with functional system services	3.002.856	2.712.488
Inter TSO Compensation (ITC) expenses	5.824.000	3.375.000
Total operational expenses	56.393.434	52.713.659
Expenses with technological system services	168.281.497	144.962.383
Balancing market expenses	140.027.426	133.002.653
Total	364.702.357	330.678.695

Expenses of technological losses

They represent expenses for electricity procuring on the free energy market in order to cover one's own technological consumption in the RET. Such expenses increased 916,908 in Q II 2015 compared to Q II 2014 because the electricity quantity necessary to cover the CPT in the RET grew about 10% from 235,478 MWh in Q II 2014 to 259,657 MWh in Q II 2015.

Congestion expenses

Congestions (grid restrictions) are electricity transmission demands beyond the technical capacity limits of the network and the transmission & system operator should make the necessary corrections; they occur when upon operation scheduling or during real time operation the power flow between two system nodes or zones leads to the failure to comply with the safety parameters of the electric power system.

Congestion expenses amounting to 322,854 were recorded in Q II 2015.

Expenses with functional system services

Such expenses represent international electricity exchanges not included under contracts with neighbouring countries and the expenses with the unplanned day-ahead market (DAM) exchanges.

Functional system service expenses increased 290,368 in Q II 2015 compared to Q II 2014, mainly because balancing market expenses increased with the unplanned electricity exchanges (unscheduled exports) according to the higher prices on the centralised electricity markets.

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Inter TSO Compensation (ITC) expenses

ITC expenses are monthly payment / collection rights of each transmission and system operator (TSO). They are set by the mechanism compensating / settling the utilisation of the electricity transmission grid (RET) for electricity transits between the TSO-s of the 35 countries that affiliated to this ENTSO-E mechanism and were 2,449,000 higher than in Q II 2014.

Expenses with technological system services

In Q II 2015 such technological system service expenses increased 23,319,114 compared to Q II 2014.

The Company procures technological system services from generators in order to maintain the operational safety of the SEN as well as electricity quality according to the parameters set in applicable norms.

Such services are contracted as follows:

- Under regulated regime based on ANRE decisions;
- By means of competitive mechanisms;

In accordance with the provisions of GD 138/08.04.2013 on certain measures to provide safe electricity supply, updated, the Company procured technological system services as per ANRE regulations:

- From the SC Energy Complex Hunedoara SA, at least 400 MW from 15 April 2013 to 1 July 2015;
- From the SC Energy Complex Oltenia SA at least 600 MW from 15 April 2013 to 1 July 2015;

In accordance with the provisions of GD 1178/2014 on taking certain measures for safe SEN operation from 1 January to 28 February 2015, approval was given for additional procurement of technological system services necessary for CNTEE Tranelectrica SA to provide safe operation and steady-state of the SEN. The Company is obliged to provide priority dispatching of the electricity generated by thermal power plants according to the regulations issued by the National Regulatory Authority in Energy (ANRE).

From 01 July 2015 to 30 June 2016 technological system services will be procured under regulatory regime from SC Hidroelectrica SA (Decision 1377/25.06.2015 of ANRE) and from SC Energy Complex Hunedoara S.A (Decision 859/08 April 2015).

Balancing market expenses

Balancing market expenses result from the notifications / achievements of participants on this market, being fully covered with the balancing market revenues.

Semester I 2015 compared to semester I 2014

Expenses made in semester I 2015 compared to semester I 2014 were as follows:

	Sem. I 2015	Sem. I 2014
Expenses with technological losses	94.667.276	88.438.548
Congestion expenses	868.289	0
Electricity consumption in RET substations	7.208.009	7.186.692
Expenses with functional system services	6.251.213	5.072.018
Inter TSO Compensation (ITC) expenses	12.544.000	6.750.000
Total operational expenses	121.538.787	107.447.258
Expenses with technological system services	363.583.519	306.978.205
Balancing market expenses	352.109.044	287.192.986
Total	837.231.350	701.618.449

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Expenses with technological losses

Expenses with one's own technological consumption- losses (CPT) represent electricity procurement as required in order to maintain installations energised and electricity transmission through the interconnected grid. In semester I 2015 compared to semester I 2014 such expenses increased in amount of 6,228,728 determined by the bigger electricity quantity necessary to cover the CPT in the RET by about 8.29%, respectively from 491,524 MWh in S I 2014 to 532,277 MWh in S I 2015.

Such increase came from:

- Greater electricity amount introduced in the RET outline, which determined higher losses by Joule effect;
- Bad meteorological conditions leading to higher Corona losses;
- Bad influences of physical import/export flows (higher export in the northern area), which determined intense circulation in the southern part of the country;
- Non-beneficial generation structure increasing the amounts of electricity transmitted far from generation sources;

Congestion expenses

In semester I 2015 the Company recorded expenses of 868,289 for RET congestions.

Expenses from functional system services

Such expenses increased in amount of 1,179,195 in S I 2015 compared to S I 2014 mainly because balancing market expenses grew on account of unplanned electricity exchanges (exports) with the neighbouring countries interconnected to the SEN.

Inter TSO Compensation (ITC) expenses

The monthly payment / collection obligations of each transmission and system operator (TSO) are established under the mechanism compensating (settling) the effects of RET utilisation for electricity transits between the TSO-s from the 35 countries that affiliated to this ENTSO-E mechanism. In S I 2015 such expenses were 5,794,000 higher compared to S I 2014.

Expenses with technological system services

In semester I 2015 the technological system service expenses increased in amount of 56,605,314 compared to semester I 2014.

The Company is procuring technological system services (secondary, fast and slow tertiary reserves) from generators in order to maintain the safe operation of the SEN as well as electricity quality according to the parameters set in applicable technical norms.

In S I 2015 the Company procured technological system services under regulatory regime according to ANRE decisions and applicable legal regulations mentioned previously for Q II 2015.

Balancing market expenses

Balancing market expenses result after the notifications / achievements of participants on this market, being fully covered by the balancing market revenues.

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*(All amounts are in LEI, unless stated otherwise)***15. Other operational expenses****Q II 2015 compared to Q II 2014**

	Q II 2015	Q II 2014
Other third party services	12.280.893	12.477.123
Postage and telecommunication	532.950	622.812
Rent	1.901.148	2.290.930
Operational expenses with impairment for current assets	(4.130.799)	20.207.799
Other	19.450.221	15.400.049
	30.034.413	50.998.713

Semester I 2015 compared to semester I 2014

	Q I 2015	Q I 2014
Other third party expenses	21.254.352	21.006.782
Postage and telecommunication	1.043.493	1.074.201
Rent	4.215.785	4.708.119
Operational expenses with impairment for current assets	(4.685.976)	21.734.712
Other	29.238.432	25.292.122
	51.066.086	73.815.936

Such expenses decreased in Q II 2015 compared to Q II 2014 and implicitly in S I 2015 compared to S I 2014 mainly because revenues included again adjustments for liabilities depreciation on account of certain disputes which were settled in favour of the Company (see Note 19).

16. Net financial result**Q II 2015 compared to Q II 2014**

	Trim. II 2015	Trim. II 2014
Interest revenues	5.035.227	6.453.572
Differences of exchange rates	2.991.289	13.334.332
Other financial revenues	7.392.006	13.290.266
Total financial revenues	15.418.522	33.078.170
Differences of exchange rates	(11.021.517)	(1.007.207)
Interest expenses	(7.265.713)	(9.430.423)
Total financial expenses	(18.287.230)	(10.437.630)
Net financial result	(2.868.708)	22.640.540

S I 2015 compared to S I 2014

	Sem. I 2015	Sem. I 2014
Interest revenues	6.667.998	10.022.828
Exchange rate differences	15.831.338	23.642.071
Other financial revenues	7.592.298	13.386.048
Total financial revenues	30.091.634	47.050.947

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Exchange rate differences	(16.781.501)	(8.645.878)
Interest expenses	(15.019.843)	(18.648.822)
Total financial expenses	(31.801.344)	(27.294.700)
Net financial result	(1.709.710)	19.756.247

Financial revenues recorded decrease in amount of 16,959,313 in S I 2015 compared to S I 2014 mainly because of the lower interest received for available cash in the bank accounts / deposits (BNR reduced the monetary policy interest), smaller exchange rate differences and diminished payable dividends by subsidiaries.

Financial expenses decreased in amount of 4,506,644 in S I 2015 compared to S I 2014 according to the movement of the exchange rate for the national currency against the currencies which the Company took investment credits for.

The net financial result registered in S I 2015 was influenced both by the decreased financial revenues and by the increased financial expenses.

The exchange rate of the national currency registered on 30 June 2015 compared to that registered on 30 June 2014 was the following:

Currency	30 June 2015	30 June 2014
Lei / Euro	4.4735	4.3870
Lei / US Dollar	3.9969	3.2138
Lei / Japanese Yen	0.0326	0.0317

17. Contingencies

Disputes

• Eolica Dobrogea SRL sued the Company in order to compel it concluding a connection contract. On the 12 April 2013 hearing date the law court denied the request of Eolica Dobrogea SRL on the illegality of suspensive terms provided in article 5.1 (e) from the connection contract. On the 8 February 2013 hearing date the law court cancelled letter 37650 /16 December 2011, admitting the suspensive terms of the connection contract as fulfilled within the contractual terms, thus obliging the Company to execute the connection contract. Both the Company and Eolica Dobrogea SRL appealed against the 8 February 2013 ruling. The first hearing date of the appeal was set on 15 May 2014. Eolica Dobrogea SRL expressed no more material claims.

On 5.02.2015 the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes issued Decision 464/05.02.2015, which acknowledged SC Rokura SRL gave up the court trial for the request of accessory intervention.

The court admitted the appeals instituted by the National Power Grid Company Transelectrica SA, by SC Eolica Dobrogea (Schweiz) AG and by Iberdrola Renovables Energia SA against the civil judgment 600 of 8 February 2013 of the Appeal Court Bucharest, Section VIII of administrative and fiscal disputes.

It admitted the appeal expressed by SC Eolica Dobrogea SRL through the judicial administrator Aqua Insolvency IPURL against the civil judgment 1313 of 12 April 2013 of the Appeal Court Bucharest, Section VIII of administrative and fiscal disputes. It cancelled the appealed sentences and referred the case to the Bucharest Tribunal, Civil Case Section; irrevocable.

The file was registered on the docket of Bucharest Tribunal under no. 10994/3/2015. In the conclusion of 08.05.2015 Bucharest Tribunal, Section V of Civil Cases admitted the exception of no functional jurisdiction and referred the case to Section VI - Civil Cases of Bucharest Tribunal in order to be shared by a specialised panel in the settlement of disputes with professionals.

The file was registered on the docket of Bucharest Tribunal, Section VI of Civil Cases under no. 10994/3/2015*, with hearing date on 23.10.2015.

• On 4 March 2014 the European Commission issued notification that it applied a fine of 1,031,000 EUR to Subsidiary SC OPCOM SA for abusing its dominant position on the Romanian market and facilitating electricity transactions on the spot

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market, thus breaching EU's antitrust norms. The Commission considered the parent company of Subsidiary SC OPCOM SA, Transelectrica, equally responsible for such infringement. The Commission charged fine amounting to 1,031,000 EUR to the Company and to Subsidiary SC OPCOM SA, they being jointly liable to pay the fine.

The Shareholders' General Assembly of Subsidiary SC OPCOM SA decided on 10.06.2014 to pay in full the penalty amounting to 1,031,000 Euros that the Directorate General Competition of the European Commission charged for its breaching article 102 of the EU Treaty, according to the decision in the antitrust case AT 39984. Subsidiary SC OPCOM SA paid in full the fine established by the European Commission.

On 24.11.2014 Subsidiary SC OPCOM SA sued CNTEE Transelectrica SA to compel it pay 582,086.31 Euros (2,585,161.72 Lei at the BNR exchange rate of 24.11.2014), representing the amount it has paid as fine from the total sum of 1,031,000 Euros.

Also Subsidiary SC OPCOM SA requested the court to compel the Company pay 84,867.67 Lei as legal interest for the 11.06.2014 – 24.11.2014 interval.

The action of Subsidiary SC OPCOM SA is included in file 40814/3/2014, on the docket of Bucharest Tribunal, Section VI of Civil Cases, pertaining to claims, subject matter- dispute with professionals. CNTEE Transelectrica SA has submitted the defence to this case in court, invoking exceptions and the fundamental claim regarding the illegality of the action.

On 24.07.2015 Bucharest Tribunal pronounced ruling 4275/2015, stating: "It admits the legal proceedings instituted by claimant Electricity and Natural Gas Markets Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA. It compels the defendant to pay 582,086.31 Euros to the claimant, which is the sum the claimant has paid on the defendant's behalf from the 1,031,000 Euro fine charged under European Commission decision of 05.03.2014 in case AT.39984, as well as the legal interest to the amount of 582,086.31 Euros calculated as of 11.06.2014 until actual payment. It compels the defendant to pay 37,828.08 Lei to the claimant as law court costs. Appeal within 30 days from notification. The appeal is filed with the Bucharest Tribunal, Section VI of Civil Cases".

The sentence pronounced in the fore-mentioned case has not been notified to date.

In 2014 the Company has registered provision amounting to 2,670,029 for the dispute with Subsidiary SC OPCOM SA.

- In 2013 Conaid Company SRL sued CN Transelectrica for the unjustified refusal to sign an addendum to the connection contract or a new connection contract and asked claims for the expenses of 17,419,508 Lei incurred until that day and the unrealised profits for 2013-2033 amounting to 722,756,000 EUR. To date the Company has not concluded addendum to the connection contract because the suspensive terms included in it were not complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, when the connection permit expired. As of the dates of these financial statements the amounts claimed by Conaid Company SRL were considered contingent liabilities since it is unlikely to outflow resources incorporating economic benefits to settle such obligation, and the amount cannot be estimated reliably. File 5302/2/2013 is on the docket of the High Court of Cassation and Justice, Administrative and Fiscal Disputes Section, and it pertains to compelling the issue of the administrative deed, case stage- appeal, hearing date being set on 16.09.2015.

- The Company is involved in significant disputes as claimant, especially in order to recover liabilities (e.g. Eco Energy, Petprod SRL, Total Electric Oltenia and Arcelormittal Galati). The Company recorded allowances of value losses for clients and other disputed liabilities for clients under bankruptcy procedures. Also the Company is claimant in a dispute with ANAF, as provided in Note 5.

18. Affiliates

i) Transactions with the Company subsidiaries

Entity	Country of origin	30 June 2015 % of shares	31 December 2014 % of shares
SMART SA *)	Romania	70	100
TELETRANS SA	Romania	100	100
ICEMENERG SA **)	Romania	100	100
OPCOM SA	Romania	100	100
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA	Romania	100	100

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*) At present there is dispute on cancelling Resolution 154954/30.12.2014 of the Designated Person, pronounced in File 449314/23.12.2014, based on which the Office of the Commercial Register from Bucharest Tribunal recorded the share capital increase of Subsidiary SC Smart SA by in-kind contribution and amended accordingly the articles of association as per Decision 12375/22.12.2014 of the Subsidiary's BA Chairman and Decision 19/22.12.2014 of the Board of Administration. The Company has also requested the competent court to cancel the two fore-mentioned decisions and suspend enforcing the deeds whose cancellation is requested until settling the court case.

The National Power Grid Company Transelectrica SA instituted legal proceedings in order to cancel Resolution 154954/30.12.2014 of the Designated Person, pronounced in File 449314/23.12.2014, based on which the Office of the Commercial Register from Bucharest Tribunal recorded the share capital increase of Subsidiary SC Smart SA by in-kind contribution and amended accordingly the articles of association as per Decision 12375/22.12.2014 of the Subsidiary's BA Chairman and Decision 19/22.12.2014 of the Board of Administration. The Company has also requested the competent court to cancel the two fore-mentioned decisions and suspend enforcing the deeds whose cancellation is requested until settling the court case.

As of the date of these temporary financial statements the Resolution whose cancellation is requested has not been published in the Official Gazette part IV. The share capital increase applied the provisions of the privatisation legislation, namely the obligation to increase the share capital with the value of lands from the inventory stocks of SC Smart SA, which ownership certificates have been obtained for, while issuing shares on behalf of the Romanian state; the shareholders' structure of Subsidiary SC Smart SA, as it was recorded in the Commercial Register based on Resolution 154954/30.12.2014 of the Designated Person, was the following:

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

CNTEE Transelectrica SA requested presidential ordinance (to suspend the deeds increasing the share capital), which is included in File 13987/3/2015 on the docket of Bucharest Tribunal, Section VI Civil Cases.

On 15.06.2015 Bucharest Tribunal pronounced sentence 3401/2015 stating: "It denies the exception of absent passive case capacity of the Romanian State through the Secretariat General of the Government as groundless. It denies the court summons expressed by claimant CN Transelectrica SA in contradiction with defendants Subsidiary Smart SA, Romanian State through the Secretariat General of the Government and the ONRC from Bucharest Tribunal as groundless. Appeal right within 5 days from notification; the appeal will be referred to the Bucharest Tribunal, Section VI of Civil Cases, according to article 471 par 1 from the Civil procedural code. Issued during public hearing of 15 June 2015".

CNTEE Transelectrica SA expressed appeal and the file was registered on the docket of the Appeal Court Bucharest, Section VI of Civil Cases, and hearing date on 19.08.2015.

At the same time CNTEE Transelectrica SA filed also complaint against the resolution of the Bucharest ORC director and against the documents issued by Subsidiary SC Smart SA to increase its share capital, which was included in File 14001/3/2015 on the docket of the Appeal Court Bucharest, Section VI of Civil Cases, and hearing date on 07.09.2015.

***) On 07.04.2014 the National Office of the Commercial Register admitted the File 121452/03.04.2014 with respect to de-registering the Energy Research and Modernising Institute ICEMENERG SA Bucharest. Order 123/13.03.2014 (registration certificate and operation licence) recorded the National Energy Research-Development Institute Icemenerg Bucharest (GD 925/2010) in the Commercial Register.

The Company filed complaint against the resolution of the Bucharest ORC director which stipulated recording the de-registration of Subsidiary ICEMENERG SA Bucharest in the commercial register.

Bucharest Tribunal, Section VI Civil Cases issued Sentence 3569/14.07.2014 pronounced in file 15483/3/2014, in which the Company was in contradiction with defendants Energy Research and Modernising Institute ICEMENERG SA Bucharest and the National Energy Research-Development Institute Icemenerg Bucharest, and denied the Company's complaint motivating GD 925/2010 had not been cancelled until the subsidiary was de-registered with the ORC.

On 24.02.2015 the Appeal Court notified the settlement pronounced in file 15483/3/2014, namely Decision 173/2015 denying the appeal of CNTEE Transelectrica SA as groundless, such decision being final.

The Company filed repeal complaint against Decision 173/2015 of the Appeal Court Bucharest pronounced on the 12.02.2015 hearing date, instituted in file 1088/2/2015 on the docket of the Court of Appeal Bucharest, Section VI of Civil Cases. On the 13.05.2015 hearing date Decision 777/2015 of the Appeal Court Bucharest denied the repeal complaint as groundless, such decision being final.

The total participation of the Company in its subsidiaries amounted to 57,027,900 on 30 June 2015 and to 57,027,900 on 31 December 2014.

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On 30 June 2015 and on 31 December 2014 the balances of the Company-held subsidiaries were:

AFFILIATED ENTITY	Trade receivables		Trade liabilities	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
SC SMART SA	163.177	98.550	14.170.453	24.329.991
SC TELETRANS SA	5.452.372	322.343	3.428.146	8.626.785
SC ICEMENERG SA	0	0	0	0
SC FORMENERG SA	0	0	0	1.060
SC OPCOM SA	2.728.271	46.308.835	423.710	46.169.616
SC ICEMENERG SERVICE SA	92.231	92.231	0	0
TOTAL	8.436.051	46.821.959	18.022.309	79.127.452

The transactions performed with the subsidiaries in Q II 2015 and in Q II 2014, as well as in S I 2015 and in S I 2014 are detailed below:

AFFILIATED ENTITY	Sales			
	Q II 2015	Q II 2014	S I 2015	S I 2014
SC SMART SA	190.194	6.060.941	355.968	6.275.133
SC TELETRANS SA	5.354.064	7.143.147	5.585.796	8.434.757
SC ICEMENERG SA	0	0	0	0
SC FORMENERG SA	0	61.694	0	61.694
SC OPCOM SA	118.672.140	1.278.350	271.872.876	1.714.206
SC ICEMENERG SERVICE SA	0	0	0	0
TOTAL	124.216.398	14.544.132	277.814.640	16.485.790

AFFILIATED ENTITY	Procurement			
	Q II 2015	Q II 2014	S I 2015	S I 2013
SC SMART SA	20.749.609	18.394.716	41.200.687	31.494.406
SC TELETRANS SA	4.804.313	7.735.675	14.815.062	19.450.098
SC ICEMENERG SA	0	378	0	1.072
SC FORMENERG SA	71.741	36.795	118.947	74.543
SC OPCOM SA	11.761.745	10.165.062	35.591.126	23.929.241
SC ICEMENERG SERVICE SA	1.580	0	1.580	0
TOTAL	37.388.988	36.332.626	91.727.402	74.949.360

ii) Remuneration of Company management

Salaries paid to the management for their services mainly comprise the base salary, benefits upon labour contract ending and post-employment. They are detailed as follows:

	Q II 2015	Q II 2014	S I 2015	S I 2014
Short term benefits	2.475.460	1.975.381	4.759.277	3.853.495
Other long term benefits	27.742	22.499	44.939	22.499
Total	2.503.202	1.997.880	4.804.216	3.875.994

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*(All amounts are in LEI, unless stated otherwise)***19. Credit risk**

This is the hazard of financial loss incurred by the Company if a client or counterpart fails to meet its contractual obligations under some financial instrument. Such risk arises mainly from the Company's trade receivables and from cash and cash equivalents.

The counterparty risk is treated using the internal and external success factors of the Company. The external success factors that systematically reduce the risk are- deregulation of the energy sector where energy generation, transmission, distribution and supply are distinct activities, and the client interface is the supplier; electricity is transacted in Romania on two market segments- the regulated market and the competitive market. Internal success factors used in the treatment of counterparty risk include- diversified client portfolio and diversified number of services provided on the electricity market.

Financial assets that could submit the Company to the collection risk mainly consist of trade receivables and cash and cash equivalents. The Company applied a set of policies securing service sales to the clients and proper collection by including their obligation to constitute financial securities in the trading contracts. The amount of receivables, net of impairment allowances is the maximum sum exposed to the collection risk.

The maximum exposure to the collection risk as of the reporting date was:

	30 June 2015	31 December 2014
Financial assets		
Net trade receivables	628.993.478	953.131.452
Other net liabilities	84.855.132	97.311.287
Total	713.848.610	1.050.442.739

The age of receivables on the reporting date was the following:

	Gross value 30 June 2015	Allowance 30 June 2015	Gross value 31 December 2014	Allowance 31 December 2014
Neither past due nor impaired	435.111.594	38.011	940.848.178	932.194
Past due 1 – 30 days	48.528.930	472.192	6.130.329	865.495
Past due 31 – 90 days	25.151.390	779.145	5.350.450	1.233.540
Past due 90 – 180 days	3.911.778	1.167.422	4.031.176	548.218
Past due 180 – 270 days	5.774.855	4.784.497	1.589.696	1.422.122
Past due 270 – 365 days	3.598.094	3.422.909	643.151	462.666
More than one year	188.144.128	70.563.115	81.784.920	81.782.214
Total	710.220.769	81.227.291	1.040.377.900	87.246.448

The age of 'other receivables' on the reporting date was:

	Gross value 30 June 2015	Allowance 30 June 2015	Gross value 31 December 2014	Allowance 31 December 2014
Neither past due nor impaired	71.534.103	455.178	64.586.855	2.559.868
Past due 1 – 30 days	3.492.894	4.000	2.508.624	-
Past due 31 – 90 days	3.817.678	2.194.715	25.575.508	245.411
Past due 90 – 180 days	6.570.469	2.258.073	2.013.501	393
Past due 180 – 270 days	6.104.621	2.839.374	5.211.452	1.453.055
Past due 270 – 365 days	93.551	253	5.530.000	5.325.875
More than one year	75.617.264	74.623.855	72.857.586	71.387.637
Total	167.230.580	82.375.448	178.283.526	80.972.239

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On 30 June 2015 the greatest allowances were registered for SC Petprod SRL (29,242,364), SC Eco Energy SRL (24,736,066), SC Total Electric Oltenia SA (14,185,577), RAAN (7,206,059) and Also Energ (7,177,167). To recover doubtful receivables the Company acted as follows- instituting court trials, registration in the creditors' list etc.

The movement of allowances for doubtful clients:

	<u>30 June 2015</u>	<u>31 December 2014</u>
Balance on 1 January	87.246.448	84.052.040
Recognition of provisions	7.832.538	11.588.740
Provisions write-off	(13.851.695)	(8.394.332)
Balance at the end of the period	81.227.291	87.246.448

The movement of allowances for 'other receivables':

	<u>30 June 2015</u>	<u>31 December 2014</u>
Balance on 1 January	80.972.239	52.556.772
Recognition of provisions	4.955.402	31.421.363
Provisions reversal	(3.552.193)	(3.005.896)
Balance at the end of the period	82.375.448	80.972.239

In semester I 2015 according to the receivables which allowances were registered for CNTEE Transelectrica SA collected 17,403,888 from the beneficial settlement of some disputes, of which the most important are those with ArcelorMittal Galati (7,184,544), Energy Complex Hunedoara (5,321,307 receivables taken over from Electrocentrale Paroseni) and from the proceeds by other Company clients in total amount of 4,233,651.

The collection risk of such receivables is limited because such are mainly owed by state-owned companies.

Cash has been placed with financial institutions considered of minimum risk. Deposits and treasury bonds are placed with the Banca Comerciala Romana, BRD – Groupe Societe Generale, Garanti Bank, Banca Transilvania and Credit Europe Bank.

20. Subsequent events

Order 87/10 June 2015 of ANRE amending and adding the Methodology setting tariff of electricity transmission services, approved under Order 53/2013 issued by the president of the National Regulatory Authority in Energy

Order 87/2015 of ANRE has amended as required the zone tariffs calculation from the methodology setting transmission tariffs, thus providing the methodological support to implement the new zone tariffs approved under Order 89/2015 of ANRE.

Order 89/15 June 2015 of ANRE approving the zone tariffs of transmission services for electricity input in the grid [T(G)] and the average tariff for such electricity input in the grid charged by economic operators of the electricity sector

ANRE under Order 89/15 June 2015 approved the zone tariffs of transmission services that input electricity into the grid [T(G)] and the average tariff for such electricity input in the grid charged by the National Power Grid Company Transelectrica SA beginning with 1 July 2015.

Order 93/25 June 2015 approving the average tariff of transmission services, the tariff of system services, the zone tariffs of transmission services taking electricity out of the grid [T(L)], the average tariff of electricity take-out of the grid and the regulated price of reactive electricity charged by the National Power Grid Company Transelectrica SA

ANRE under Order 93/25 June 2015 approved the average tariff of transmission services, the tariff of system services, the zone tariffs of transmission services taking electricity out of the grid [T(L)] and the average tariff of electricity take-out of

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the grid, which are provided in the annex and integrant part of Order 93/2015, as well as the regulated price for reactive electricity at 0.05 Lei/kVAh charged by the National Power Grid Company Transelectrica SA beginning with 1 July 2015.

Directorate member appointment

Decision 88/27 July 2015 of the Supervisory Board appointed Mr Catalin Lucian CHIMIREL as Directorate member after completing the selection to fill the Directorate vacancy conducted in accordance with GEO 109/2011 on the corporative governance of public enterprises, with later amendments and additions.

The mandate is granted for the time interval remaining from the validity period of his predecessor's mandate, namely by 16 September 2017.

The appointment of Mr Catalin Lucian CHIMIREL became effective beginning with the signature date of the mandate acceptance statement as Directorate member in the National Power Grid Company Transelectrica SA, namely on 29 July 2015. As of the same date ends his capacity of Supervisory Board member of CNTEE Transelectrica SA, position that Mr Catalin Lucian CHIMIREL had held from 21 July 2014.