



CNTEE TRANSELECTRICA SA

QUARTERLY REPORT
January – September
2015

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**QUARTERLY REPORT REGARDING THE ECONOMIC - FINANCIAL ACTIVITY OF THE NPG
CO. TRANSELECTRICA SA**

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

for the period ending on 30 September 2015

Date of the report:	13 November 2015
Name of the trading company:	National Power Grid Company TRANSELECTRICA SA, managed under two-tier system
Headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru no. 33, postal code 010325
Working location:	Bucharest 2, Str. Olteni no. 2 - 4, postal code 030786
Phone / fax numbers:	004 021 303 5611 / 004 021 303 5610
Single code with the OCR:	13328043
Sequential number in the CR:	J40/8060/2000
Date of Company establishment:	31.07.2000 / GEO 627
Share capital:	733,031,420 Lei, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, 1st class
Main characteristics of the issued securities:	73,303,142 dematerialised, nominative, ordinary, indivisible shares of 10 Lei nominal value each, freely transacting as of 29.08.2006 under the symbol TEL 20,000 nominative, dematerialised and unsecured bonds of 10,000 Lei each transacted on the BSE in Credit Titles, 3rd class, Corporate bonds sector under the symbol TEL 18; maturity date on 19.12.2018
Total market value:	1,905,881,692 Lei (26.00 Lei / share on 30.09.2015)
Accounting standard applied:	International financial reporting standards
Auditing:	The financial statements executed on 30.09.2015 have not been audited

STATEMENT OF RESPONSIBLE PERSONS

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

- To the best of our knowledge the financial-accounting statements for the nine months' period ending on 30 September 2015 have been elaborated in accordance with the applicable accounting standards (International Financial Reporting Standards as they are approved by the European Union) and they provide a fair truthful image of the assets, liabilities, financial position, profit and loss account of the NPG Co. Transelectrica SA.
- This report contains accurate full information with respect to the economic-financial situation and activities of the NPG Co. Transelectrica SA.

Bucharest, 11 November 2015

Directorate,

Ion-Toni TEAU	Constantin VADUVA	Octavian LOHAN	Ion SMEEIANU	Catalin Lucian CHIMIREL
Directorate Chairman	Directorate Member	Directorate Member	Directorate Member	Directorate Member



Key figures

KEY FIGURES – 9 months 2015

FINANCIAL		
2,216 mill Lei	▲ 13.4% y/y	Revenues
598 mill Lei	▼ 1.5% y/y	EBITDA
305 mill Lei	▲ 0.6% y/y	Net profit
38,90 TWh	▲ 3.4% y/y	Billed energy**

INVESTMENTS		
139.3 mill Lei	▼ 2.5% y/y	Procurement of current and non-current assets
66.6 mill Lei	▼ 60.4% y/y	Fixed assets in the accounting books (PIF)

OPERATIONAL		
2.41* %	▲ 2.43% y/y	Technical losses
31.9 TWh	▲ 3.2% y/y	Transmitted energy***

CPT Technological losses

* The share of technological losses in the amount of electricity taken by the transmission grid (transmitted energy)

** The billed quantity is defined by the amount of electricity extracted from public interest networks (the transmission and the distribution grids) less the electricity exports

*** The transmitted quantity is defined by the amount of physical power carried within the transmission grid



Financial data

The synthesis of financial results on 30 September 2015 is provided in the tables below. Financial results have not been audited, and their extended variant of the same period is provided in the Annexes thereof.

Separate profit and loss account

Million Lei	9M 2015	9M2014	Q2 2015	Q3 2015	Q3 2014
Billed volume of energy (TWh)	38.90	37.1	12.25	12.63	12.16
ACTIVITIES WITH ALLOWED PROFIT					
Operational revenues	1064	1050	352	321	358
Operational expenses	452	458	157	152	154
EBITDA	611	592	195	169	205
Amortisement	239	252	80	79	81
EBIT	372	340	115	89	123
ZERO PROFIT ACTIVITIES					
Operational revenues	1152	904	295	468	277
Operational expenses	1165	889	308	450	295
EBIT	-13	15	-14	19	-18
ALL ACTIVITIES (ALLOWED AND ZERO-PROFIT)					
Operational revenues	2,216	1,954	647	789	635
Operational expenses	1,618	1,347	466	602	449
EBITDA	598	607	181	187	186
Amortisement	239	252	80	79	81
EBIT	358	355	101	108	105
Financial result	1	7	-3	2	-13
EBT (gross profit)	359	362	99	111	92
Income tax	54	59	15	16	16
Net profit	305	303	84	94	77

Separate financial position statement

Million Lei	30.09.2015	31.12.2014
Non-current assets		
Property, plant and equipment	3295	3.388
Intangible assets	36	40
Financial assets	57	57
Total	3.388	3.484
Current assets		
Inventories	36	36
Trade and other receivables	717	1.056
Cash and cash equivalents	919	865
Total	1.673	1.957
TOTAL ASSETS	5.061	5.441
Shareholders' equities	2913	2.813
Non-current liabilities		
Borrowings	633	792
Other liabilities	557	610
Total	1190	1.402
Current liabilities		
Borrowings	188	201
Other	697	1.025
Total	958	1.226
Total liabilities	2148	2.628
SHAREHOLDERS' EQUITIES and LIABILITIES	5.061	5.441

Separate statement of cash flows

[Lei]	Period of 9 months ended on 30 September 2015	Period of 9 months ended on 30 September 2014
Cash flows from operational activities	620	675
Net cash from operational activities	552	594
Net cash used for investments	(122)	(118)
Net cash used in financing activities	(376)	(319)
Net increase of cash and cash equivalents	54	155
Cash and cash equivalents on 1 January	865	601
Cash and cash equivalents at the end of the period	919	756

OPERATIONAL RESULTS

Billed amount of energy

From Jan to Sept 2015 the quantity of electricity billed for services provided on the electricity market grew **3.4%** compared to the billed amount in the same period of last year (38.90 MWh, increasing from 37.61 MWh in 2014).

In Q3 2015 compared with Q3 2014 the quantity of billed electricity grew 3.9%. 3.1% increase is also seen when comparing also the billed volume of Q3 with that of Q2 (from 12.25 MWh Q2 2015 to 12.63 MWh Q3 2015).

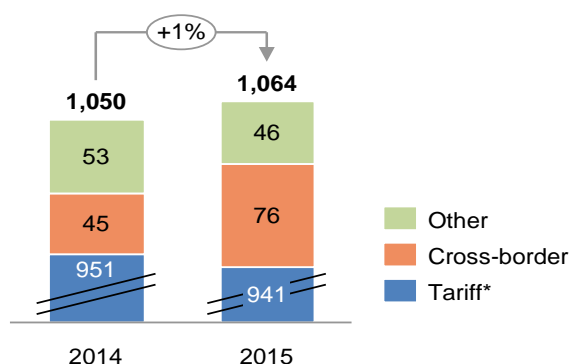
Operational revenues

January – September 2015

Revenues achieved in the first nine months of 2015 increased **13.4%** compared to the similar period of last year (2,216 mill Lei in 2015 from 1,954 mill Lei in 2014), growth being recorded in both operational segments (profit allowed and zero-profit activities).

Profit allowed activities registered 1.3% revenue increase (1,064 mill Lei from 1,050 mill Lei in 2014), sustained by higher electricity volumes carried in the SEN, mainly against the background of increased electricity consumption. Given the higher energy exports in the first nine months of 2015, competition grew on the market allocating cross-border interconnection capacities and resulted in significant growth by 68.3% of revenues from the allocation of interconnection capacities compared to the similar period of last year.

Operational revenues from profit allowed activities
(mill Lei)



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

Total revenues from **zero-profit activities** grew 27.4% (1,152 mill Lei from 904 mill Lei in 2014) determined by the 61.3% higher revenues from the balancing market administration compared to the similar period of 2014.

As regards revenues from technological system services, minor 0.6% drop is ascertained (approx. 3 mill Lei).

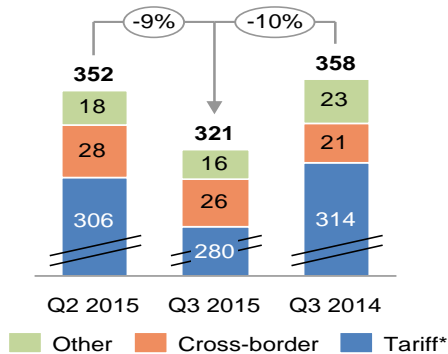
July – September 2015

Revenues achieved in Q3 2015 increased **24.4%** compared to Q3 2014 (789 mill Lei in 2015 from 635 mill Lei in 2014), growth being recorded in the zero profit activities (+69.4%). Revenues grew 22.0% in comparison with Q2 2015.

Profit allowed activities registered 10.4% revenue decrease (321 mill Lei from 358 mill Lei in 2014), mainly because of the amended electricity transmission tariffs on 1 July 2015. The negative impact of tariff changes was compensated by higher revenues from the allocation of interconnection capacities (+21% compared to the similar period of 2014) as a result of higher energy exports.

Revenues from profit allowed activities showed decreasing trend in Q3 compared to the preceding quarter of 2015. Thus in July – September 2015 compared to April – June 2015 revenues achieved with profit allowed activities decreased 8.9% against the background of the negative change in the electricity transmission tariffs and reduced revenues from the allocation of interconnection capacities.

Operational revenues from profit allowed activities
(mill Lei)



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

Total revenues from **zero-profit activities** grew 69.4% (468 mill Lei from 277 mill Lei in 2014) determined by significant 151.7% increase of revenues from balancing market administration and 3.7% growth of revenues from technological system services (about 5 mill Lei).

The same positive development is noticed when comparing with the previous quarter of 2015, with 58.9% growth (468 mill Lei from 295 mill Lei in Q2). In July – September revenues from the balancing market increased 151.7% compared to April – June.

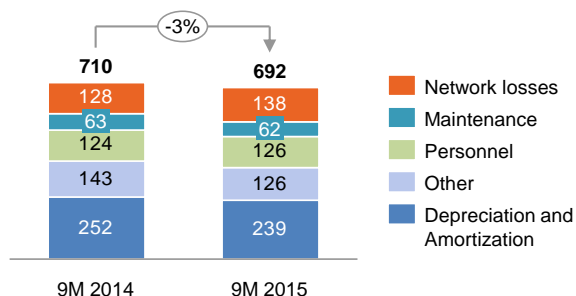
Operational expenses

January – September 2015

Expenses (including amortisement) made in the first nine months of 2015 increased **16%** compared to the similar period of last year (1,857 mill Lei from 1,599 mill Lei).

Expenses of **profit allowed activities** (excluding amortisement) decreased **1.2%** (452 mill Lei from 458 mill Lei).

Operational expenses of profit allowed activities
(mill Lei)

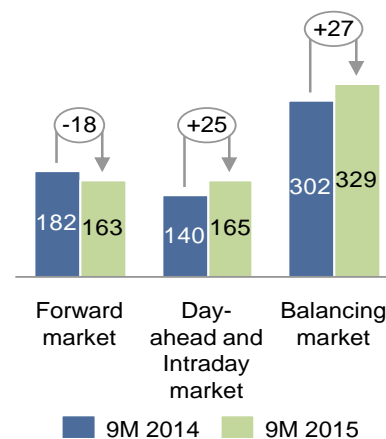


CPT: The total cost to procure electricity necessary to cover one's own technological consumption grew 7.9% in January - September 2015 compared to the similar period of 2014.

In quantitative terms technological losses increased (from 727 GWh in 2014 to 769 GWh in 2015 in absolute value, from 2.35% in 2014 to 2.41% in 2015 against the power input in the grid) mainly because of increased share of power transmitted within the RET and the import / export flows, less benefic in terms of technological losses.

In the first nine months of 2015 the average unit cost of procurement was 1% higher than the similar period of 2014, namely 180 Lei/ MWh in 2015 compared to 178 Lei/ MWh.

Average procurement prices
(Lei / MWh)



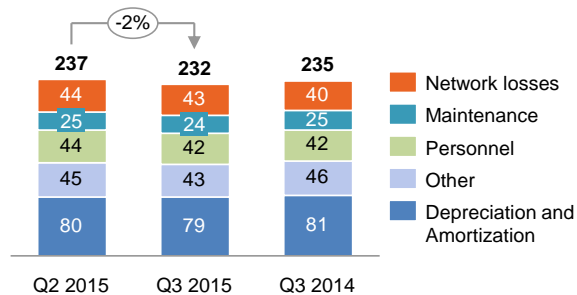
Zero-profit activities recorded cost growth of about **31.1%** (1165 mill Lei from 889 mill Lei in 2014), determined by higher expenses both on the balancing market and when procuring power reserves required to balance the national power system (the prices which Transelectrica procures the greatest part of power reserves with in order to provide technological system services are set by ANRE).

July – September 2015

Expenses (including amortisement) made in Q3 2015 increased **28.6%** compared to the similar period of last year (681 mill Lei from 530 mill Lei). Expenses made increased 24.8% in comparison with the previous quarter of 2015.

Expenses of **profit allowed activities** (excluding amortisation) decreased **0.8%** (152 mill Lei in Q3 2015 from 154 mill Lei in Q3 2014, while such drop is 3% compared to the second quarter).

Operational expenses of profit allowed activities
(mill Lei)



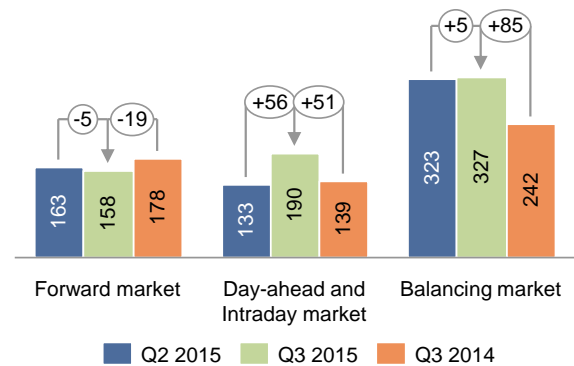
CPT: The total cost to procure electricity necessary to cover one's own technological consumption grew 9.8% in July - September 2015 compared to the similar period of 2014 but dropped 0.8% compared to April – June 2015.

If in quantitative terms technological losses increased (from 236 GWh in Q3 2014 to 237 GWh in Q3 2015), in absolute value they decreased (from 2.21% in Q3 2014 to 2.08% in Q3 2015) mainly because of increased share of power transmitted within the RET and the import / export flows, less benefic in terms of technological losses.

In comparison with Q2 2015 technological losses significantly dropped 9% from 260 GWh in Q2 to 237 GWh in Q3 in absolute value and 63 pp from 2.72% in Q2 to 2.08% in Q3 compared to the power input in the grid due to slightly more benefic physical flows (higher share of hydrocarbon-fired power plants (Iernut, Brazi) found in deficit generation source areas).

In Q3 2015 the average unit cost was 7.8% higher than the similar period of 2014, namely 183.6 Lei / MWh in 2015 against 170.3 lei / MWh. Compared to the previous quarter, the average unit cost grew 8.7% from 169.0 Lei / MWh in Q2 2015 to 183.6 Lei / MWh in Q3 2015.

Average procurement prices
(Lei / MWh)



Zero-profit activities recorded cost increase of about **52.5%** (450 mill Lei in Q3 2015 from 295 mill Lei in Q3 2014), determined by the 151.7% growth of balancing market expenses.

Operational expenses of zero-profit activities grew 45.9% in the third quarter compared to the second quarter of 2015 because of the significant increase of expenses for system balancing (+120.7%).

Operational profit

January – September 2015

EBITDA decreased about **1.5%** compared to the similar period of 2014 (598 mill Lei in 2015 from 607 mill Lei in 2014), such development being mainly determined by the impact of zero profit activities segment.

Profit allowed activities have got positive result 3.2% higher than that achieved in the similar period of 2014 (611 mill Lei against 592 mill Lei in the previous year).

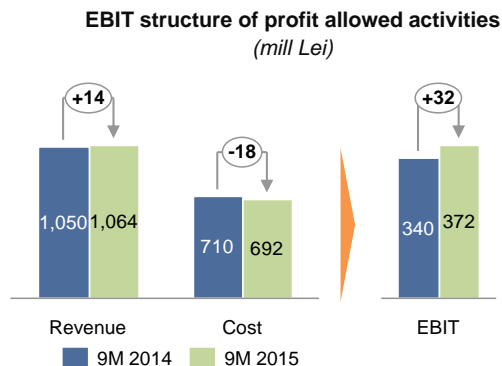
Zero-profit activities have got negative result of 13 mill Lei compared to 2014 (with positive result of 15 mill Lei).

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

Also the net result corresponding to technological system services has got positive impact from ANRE's adjustment in the tariff for such services (+0.3%, 12.58 Lei / MWh in July 2015 from 12.54

Lei / MWh in July 2014), the applicable tariff of the reporting period incorporates the positive correction set on 1 July 2015.

EBIT recorded slight **1%** increase (358 mill Lei from 355 mill Lei), mainly due to the profit allowed activity segment where EBIT grew 9.4% (from 340 mill Lei in 2014 to 372 mill Lei in 2015) when the zero profit activity segment registered negative result of 13 mill Lei.



July – September 2015

EBITDA grew about **0.5%** compared to the similar period of 2014 (187 mill Lei in 2015 from 186 mill Lei in 2014), such development being mainly determined by the positive impact of the zero profit activity segment.

Also in comparison with Q2 2015 the increase of EBITDA indicator was **3.1%** (187 mill Lei in Q3 2015 from 181 mill Lei in Q2 2015)

Profit allowed activities have got 17.6% lower result than in the similar period of 2014 (169 mill Lei against 205 mill Lei in the previous year) and equally decreasing 13.6% compared to April – June 2015.

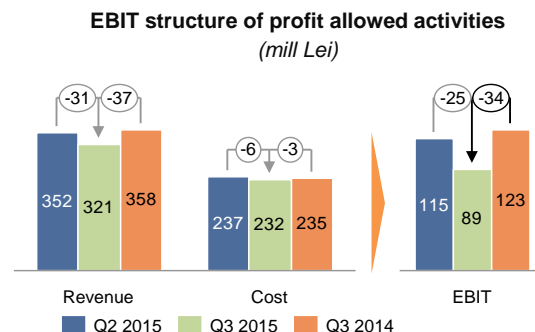
Zero-profit activities recorded positive result of 19 mill Lei compared to 2014 (negative result of 18 mill Lei). In Q2 2015 zero-profit activities have got similar negative result of 14 mill Lei.

Such positive result of the segment in Q3 was also due to the positive adjustment of ANRE in the tariff for technological system services (+0.3%, 12.58 Lei / MWh in July 2015 from 12.54 Lei / MWh in July 2014).

EBIT slightly grew by about **2.9%** (108 mill Lei in Q3 2015 from 105 mill Lei in Q3 2014), mainly due to the zero profit activity segment. EBIT indicator

recorded value decrease of 27.5% in the profit allowed activity segment in comparison with the similar period of last year (from 123 mill Lei to 89 mill Lei).

The operational result (EBIT) increased 6.6% from 101 mill Lei to 108 mill Lei in comparison with the previous quarter.

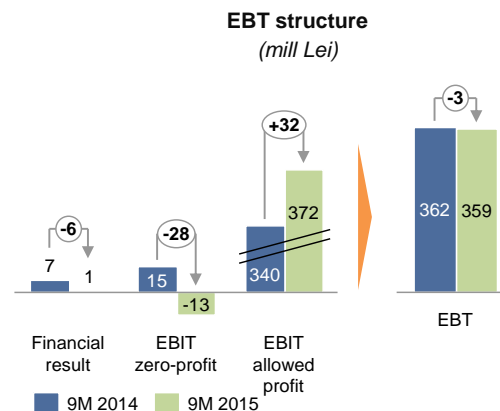


Gross profit

January – September 2015

Profit before tax recorded slight drop of about **0.8%** compared to the similar period of 2014 (359 mill Lei from 362 mill Lei).

The difference between the profit of 2015 and that of 2014, broken down by component elements of profit, is provided below.

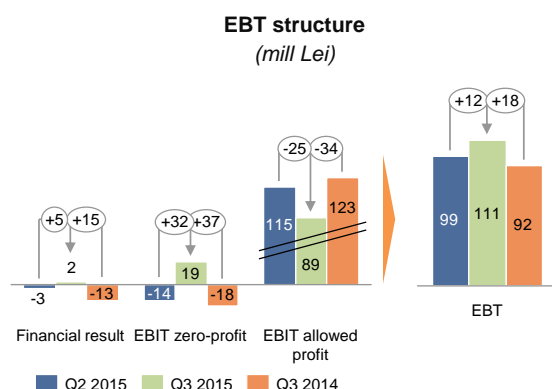


July – September 2015

Profit before tax recorded significant increase of about **19.5%** compared to the similar period of 2014 (111 mill Lei Q3 2015 from 92 mill Lei Q3 2014).

In comparison with the previous quarter the gross profit increased 12.1% from 99 mill Lei to 111 mill Lei.

The difference between the profit of 2015 and that of 2014, broken down by component elements of profit, is provided below.



Financial result

Revenues from interest rates decreased 1.7 million Lei in the first nine months of 2015 compared to the similar period of 2014. Interest revenues dropped at a slower rate than interest-related expenses, which decreased about 5 mill Lei in comparison with the same period of 2014.

Net profit from differences of exchange rates developed under the main impact of the national currency's exchange rate against the foreign currencies Transelectrica contracted bank loans in to finance its investment plans (especially Euro). Thus at the end of the first nine months the Company recorded net profit of 6.8 mill Lei from differences of exchange rates.

The net financial result recorded in the first nine months of 2015 was positive (1 mill Lei).

In the third quarter the Company achieved positive financial result of 2.4 mill Lei as compared to the negative 12.5 mill Lei result recorded in the same period of last year or with the negative 2.9 mill Lei result registered in Q2 2015.

The positive development of the financial result was mainly determined by the positive trend of exchange rates (revenues from differences of exchange rates of +10.7 mill Lei Q3 2015 / Q3 2014 respectively +9.9 mill Lei Q3 2015 / Q2 2015).

Net profit

Profit after tax dropped about **0.6%** compared to Jan - Sept 2014 (305 mill Lei from 303 mill Lei).

In the third quarter the Company recorded net profit of 94 mill Lei, 22.7% higher than in Q3 2014 and 12.2% higher than in the previous quarter.

FINANCIAL POSITION

Non-current assets

Non-current assets decreased 1.1% in the first nine months of 2015.

Current assets

Current assets decreased 14.5% in the first nine months of 2015 from 1,957 mill Lei to 1,673 mill Lei, because of the significant drop (32.1%) of receivables from 1,056 mill Lei to 717 mill Lei. Receivables decreased because from 1 January to 30 September 2015 the Company collected 150.2 mill Lei from the over-compensation for 2011 - 2013, mainly from SC Electrocentrale Bucharest SA, Electrocentrale Oradea and SC Termo Calor SA.

On 30 September 2015 the Company recorded collectable receivables under the over-compensation for 2011- 2013 amounting to 79.4 mill Lei from RAAN, 15.9 mill Lei from CET Govora SA and 17.4 mill Lei on account of 2014 (Electrocentrale Oradea 16.9 mill Lei and Termo Calor 0.5 mill Lei).

Liabilities

Non-current liabilities recorded significant 15.2% drop in January - September 2015, from 1,402 mill Lei to 1,190 mill Lei, mainly owing to principal reimbursements from 792 mill Lei on 31 December 2014 to 633 mill Lei on 30 September 2015.

Current liabilities recorded decrease of about 21.8% on 30 September 2015, from 1,226 mill Lei on 31 December 2014 to 958 mill Lei because of decreased liabilities to suppliers on the electricity market. Liabilities to suppliers on the electricity market diminished due to the reduced volume of transactions on the balancing market and reduced balance of payment obligations of 30 September

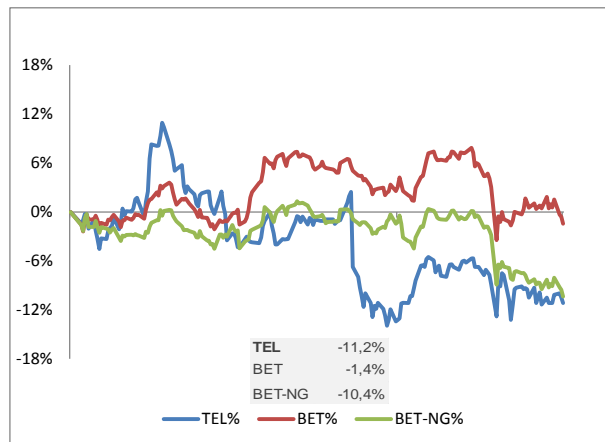
2015 on the electricity market, compared to 31 December 2014. Until 30.09.2015 the Company withheld from payment the bonus and the ex-ante over-compensation of 44.2 mill Lei owed to suppliers (qualified generators) by applying article 17 par 5 from Order 116/2013 of ANRE, since the same generators failed to pay the over-compensation of 96.8 mill Lei to the Company.

Shareholders' equities

Shareholders' equities increased 3.5% mainly due to the positive performance of the year, credited in the retained earnings.

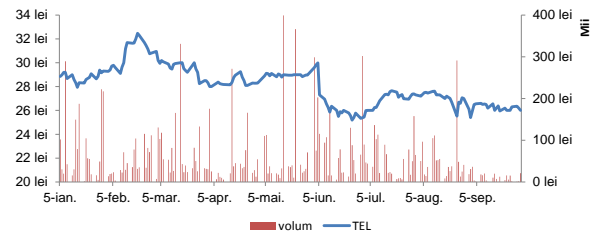
EVOLUTION OF SHARES

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



In the first nine months of 2015 Transelectrica shares (BSE symbol: TEL) decreased 11.2% compared to 31 December 2014, mainly because the dividend was included in the share price; thus TEL shares recorded significant 9% drop since the ex dividend date expired. Also TEL share prices decreased because of the contagious effect of European capital markets resulting from the economic uncertainty of certain states in the

European Union and from the uncertain worldwide geopolitical context (Asian exchanges).



2015 began with 28.85 Lei/share transaction price, stock exchange capitalisation being 2,115 mill Lei; the end of the interval (30 September 2015) found the share at 26.00 lei, stock exchange capitalisation being 1,906 mill Lei. The minimum transaction price 25.19 Lei/share was recorded on 24.06.2014, while the maximum 32.47 Lei/share was reached on 19.02.2015.

The liquidity of TEL shares in January – September was quite low in the average, 60,529 shares being transacted per transaction session, 44.8% less than in the same period of 2014 (109,654 shares/session).

DIVIDENDS

In 2014 gross dividend per share of 2.8033 Lei was approved and it began paying on 29 June 2015. The dividend was calculated while observing the profit distribution legislation for companies with majority state capital, using 75% distribution rate.

Total dividend distributed:	205 mill Lei
Dividend per share:	2.8033 Lei
Date of ex-dividend:	8 June 2015
Payment date:	29 June 2015



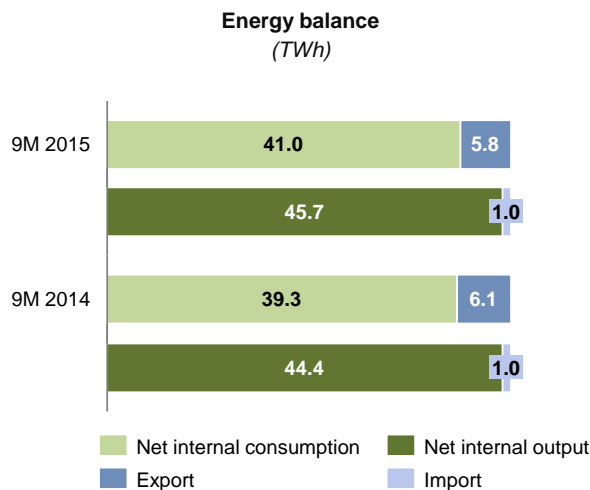
Operational data

ENERGY BALANCE OF SEN

In the first 9 months of 2015 the net energy output increased about 3% in comparison with the same period of 2014, mainly due to the higher domestic consumption.

The net internal¹ consumption grew 4% in comparison with the same period of last year.

Physical cross-border export flows decreased 5% in the first nine months of 2015 compared to 2014 and similarly the import flows dropped about 2%.



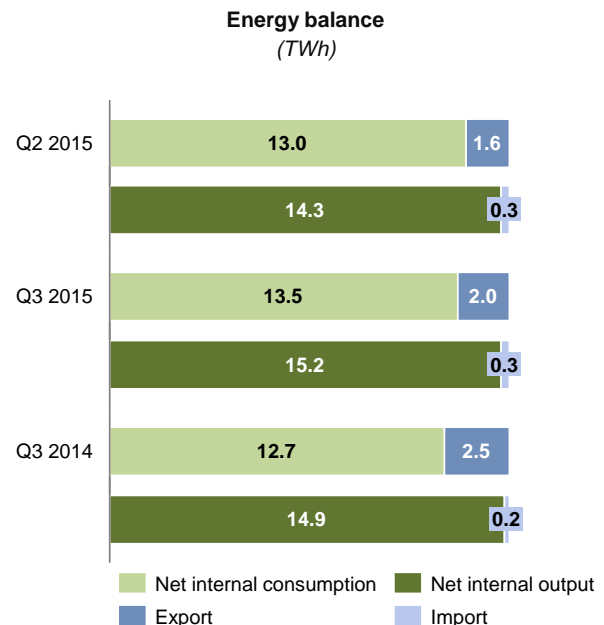
As regards the energy balance development in Q3 2015, net output increased 2% compared to the same period of 2014 and 7% compared to the second quarter of 2015.

The net internal¹ consumption grew 7% in the third quarter compared to the same period of last year and 4% compared to April – June this year.

¹ values do not include the consumption of auxiliary services from electric power generating plants; the net consumption includes the losses from the transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations;

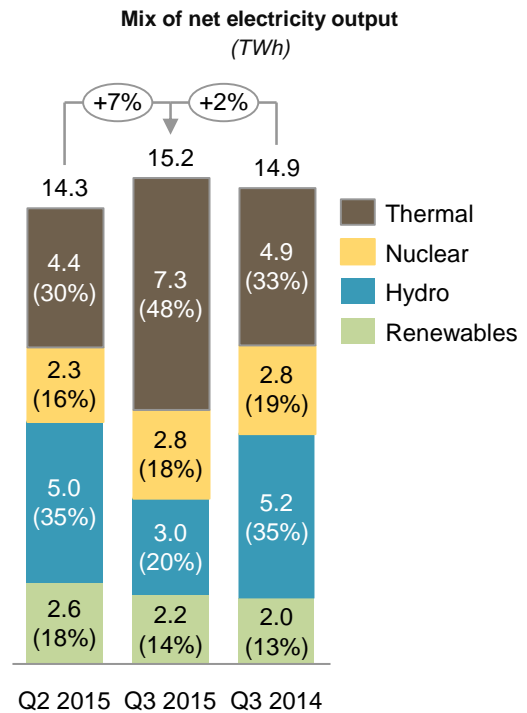
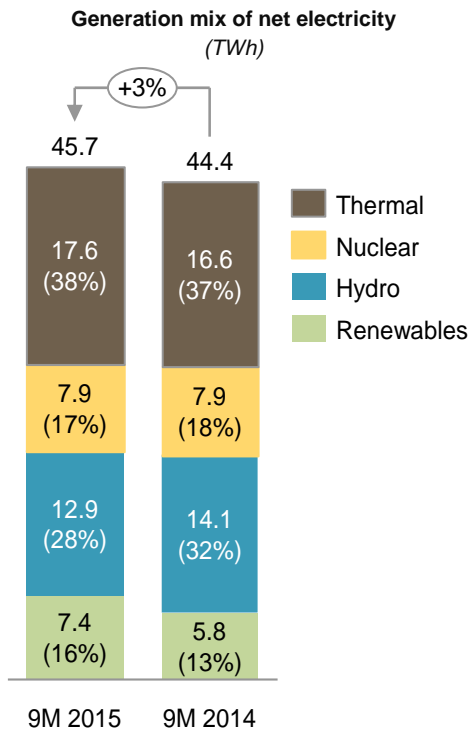
Exporter cross-border physical exchanges were 17% smaller in the third quarter than in the same period of 2014, but 25% higher in comparison with the second quarter of 2015.

Importer cross-border physical exchanges increased 50% in the third quarter compared to the same period of 2014. The quarterly increase (Q3 2015 compared to Q2 2015) was only 7%.



GENERATION MIX

The generation mix of the first 9 months of 2015 provided 3% higher share of renewable sources (wind, biomass, PV) and about 1% greater thermal generation to the detriment of hydropower, which dropped about 3.4% compared to the same interval of 2014. In comparison with the first 9 months of 2014, the energy generated from renewable sources increased 1.5 TWh due to extended generating capacities.



In July – September 2015 the share of thermal generation increased significantly in the generation mix (15.6% compared to Q3 2014, 17.4% compared to Q2 2015) to the detriment of hydropower and compared to the same period of 2014 and to the second quarter of 2015; thus hydropower dropped 14.4% compared to Q3 2014, and 15.4% compared to Q2 2015.

Such decrease of the hydropower component was determined by bad meteorological conditions in hydrologic terms, precipitation being low in July – August.

This hydrologic deficit was covered mainly by the operation of gas-fired power plants.

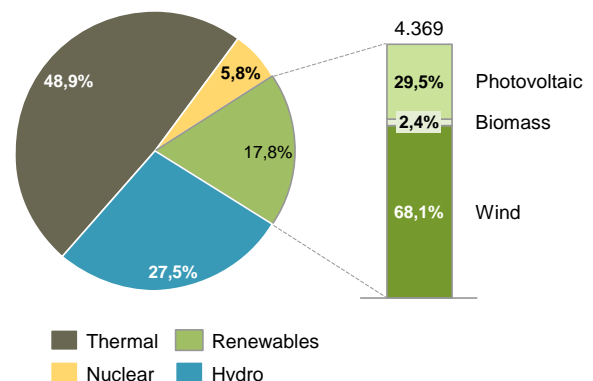
NATIONAL GENERATION PARK

In the first nine months of 2015 the gross installed capacity in power plants slightly increased 0.3%, in comparison with the same period of last year.

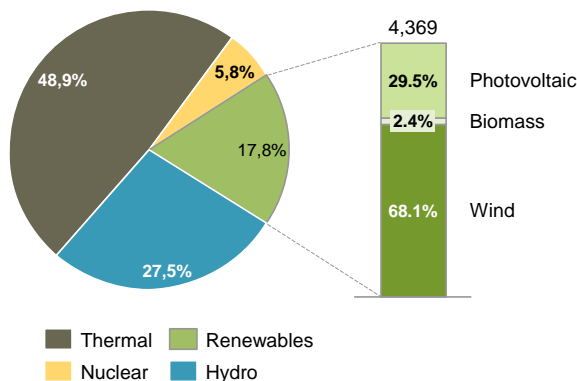
The installed capacity in renewable source power parks increased by about 2.4% (104 MW) in January – September 2015 compared to the same period of last year, from 4,265 MW installed at the end of the first 9 of 2014 to 4,369 MW installed on 01 October 2015.

The dynamic of installed capacity in the first nine months of 2015, respectively 2014, is provided below:

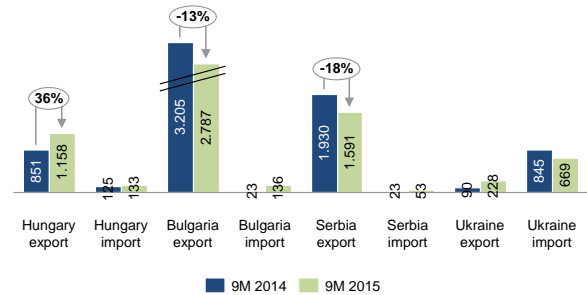
Installed capacity 9M 2015 (24,513 MW, gross value)



Installed capacity 9M 2014 (24,433 MW, gross value)



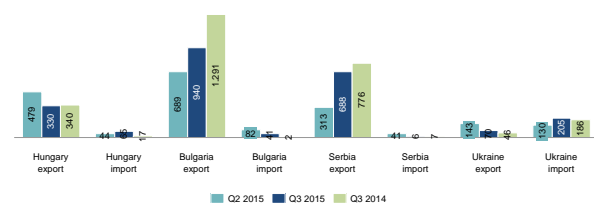
9 months of physical flows (GWh)



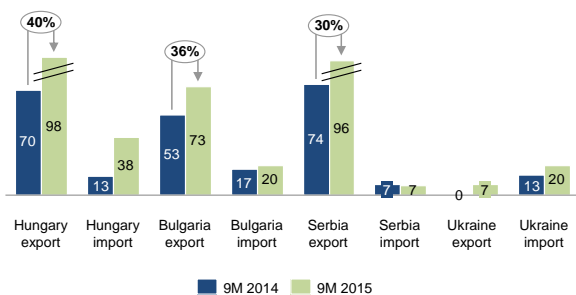
CROSS-BORDER FLOWS

Cross-border flows recorded significantly higher exports with Hungary, Serbia and Bulgaria, mainly because of the reduced electricity prices on the Romanian market and enhanced exports to the more expensive markets from Hungary or the Balkans. Import / export operations were not recorded with Republic of Moldova in the first nine months of 2015 nor in the same period of 2014.

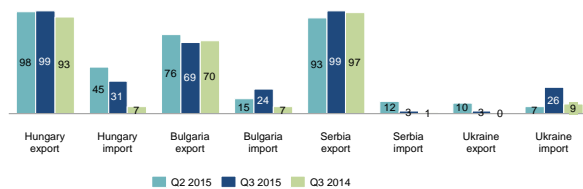
Physical flows in each quarter (GWh)



Total capacity allocated 9M (%)



Total capacity allocated each quarter (%)



Physical flows of both import and export on each border are provided below.

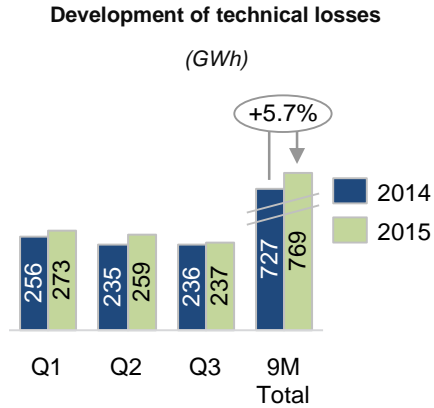
The amount of exported energy decreased in the third quarter of 2015 compared to the same period of last year. Thus energy exported to Hungary dropped 3.1%, to Bulgaria – 27.2% and to Serbia – 11.3%.

In comparison with the second quarter of 2015, the amount of transmitted energy on the interconnection lines with Bulgaria and Serbia got positive development (+36.5% Bulgaria, +119.5% Serbia) but the energy exported to Hungary got negative development (-31.2%).

TECHNOLOGICAL LOSSES

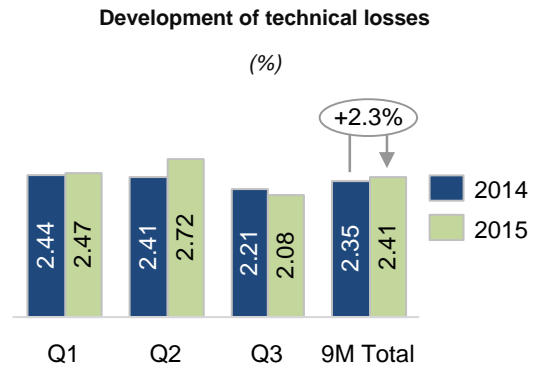
In the first nine months of 2015, the amount of technological losses increased 5.7% compared to the same period of last year. Such increase resulted from elements occurring in the first quarter, such as- worse meteorological conditions, which led to higher corona losses; the domestic generation structure (the share of generation directly introduced in the RET grew 4% in the first 6 months); worse import/export flows compared to the same period of last year.

In the third quarter of 2015 technical losses grew about 0.5% within RET compared to the same period of 2014, because of bad meteorological conditions, slightly worse physical flows and output structure.



In comparison with the energy input into the grid, losses slightly grew from 2.35% in the first 9 months of 2014 to 2.41% in the same period of 2015.

The percentage growth of technical losses resulted from the higher amounts of energy circulated within RET.





Investments

NON-CURRENT ASSETS REGISTERED IN ACCOUNT BOOKS

The value of non-current assets recorded in account books in the first nine months of 2015 was 66, 84 mill Lei, the most important being:

- Refurbishing the 400/110/20 kV substation Tulcea Vest - technological part;
- Extending the 400 kV substation Cernavoda - stage I, replacing the shunt reactors;
- Connecting the 108 MW WPP Crucea to the RET in the area of Crucea, Vulturii and Pantelimon localities, Constanta County, by means of 400 kV bay in the 400 kV substation Stupina, Constanta County;
- Upgrading the control protection system of the 220/110 kV substation Tihau;
- Replacing the circuit breakers of the 400 kV bays in the 400/110/20 kV substation Smardan (2 sets);
- Replacing the 110 kV circuit breakers in the 400/110/20 kV substation Draganesti Olt (5 sets);
- Command, control, protection system (SCADA in the 220 kV & 110 kV substations);
- Replacing the 110/10 kV, 25 MVA transformers T3 & T4 with 110/(20)10 kV, 40 MVA ones in the 220/110 kV substation Fundeni;
- Replacing the 220 kV circuit breakers in the 220/110/20 kV substations Gradiste (2 sets);
- Connecting the 110 kV underground line Militari-Domnesti, circuits 1 & 2 in the 400/110 kV substation Domnesti;
- Reducing the galloping effect to the 400 kV OHL Cernavoda - Gura Ialomitei (C 2) and to the 400 kV OHL Cernavoda - Pelicanu;
- Connecting the 56 MW WPP to the RET in the area of Izvorul Berheciului and Stanilesti towns, Bacau County, by building one 110 kV bay in the 400/110 kV substation Bacau Sud;
- Replacing the 220 kV circuit breaker in the 220 kV Bucharest South 2 bay in the 220/110 kV substation Ghizdaru;
- Extending the access control system within substations;
- Replacing the accumulator batteries in the 220/110/20 kV substation Targoviste, the 400/110 kV substation Pelicanu, the 220/110 kV substation Fundeni and the 220/110/20 kV substation Turnu Magurele;
- Upgrading the tele-protection of the 400 kV OHL Isaccea Smardan, circuits 1 & 2;
- Installing two 100 A arc suppression coils and two 3000 kVA auxiliary service transformers in the 400/220/110/20 kV substation Sibiu Sud;
- Arranging the archive storage space in the 220/110 kV transformer substation Timisoara;
- Replacing the tele-protection equipment of the 220 kV OHL-s Alba Iulia - Galceag and Alba Iulia - Sugag;
- Replacing the circuit breakers in the 110 kV bays from the 220/110 kV substation Filesti (1 set);
- Consolidating the 400 kV OHL Iron Gates - Urechesi in the area of tower 129 – 419,096;
- Replacing tower 159 of the 400 kV OHL Iernut - Sibiu Sud;
- Replacing the 220 dc accumulator batteries in the 220/110 kV substation Pestis.

ACHIZITIILE DE IMOBILIZARI

The procurement of current and non-current assets¹ amount to 139,1 mill Lei in the first nine

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

months of 2015 compared to the same period of 2014 when such procurements of current and non-current assets amounted to 142,9 mill Lei.

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

- Building the 400 kV OHL segment between the 400/220/110 kV substation Resita and the Serbian border (the frontier milestone B100/1);
- Refurbishing the 220/110/20 kV substation Campia Turzii;
- Increasing the safety of installations from the 400/220/110/10 kV substation Bucharest South by replacing the 10 kV equipment - Lot II;
- Extending the 400 kV substation Cernavoda - stage I, replacing 2 shunt reactors;
- Refurbishing the 400/110/20 kV substation Tulcea Vest;
- Replacing the 220 kV circuit breakers in the 220/110/20 kV substation Alba Iulia;
- Refurbishing the 400/220/110/20 kV substation Bradu;
- Replacing the 110/10 kV, 25 MVA transformers T3 & T4 by 110/(20)10 kV, 40 MVA ones in the 220/110 kV substation Fundeni;
- Upgrading the control protection system in the 220/110 kV substation Tihau;
- Connecting the 30 MW cogeneration plant owned by SC Lukoil Energy & Gas Romania SRL to the Distribution Network into the 110 kV OHL Teleajen-Rafinarie-Petrochimie, circuits 1 & 2 by making some work in the 220/110 kV substation Teleajen – 2,449,929;
- Upgrading the control protection system and the 20 kV substation within the 220 /110/20 kV substations Vetis;
- Connecting the 110 kV underground line Militari-Domnesti, circuits 1, 2 into the 400/110/20 kV substation Domnesti;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I, extending the 400 kV substation Iron;
- Integrated security system within electric

- substations, stage IV;
- Connecting the WPP 136 MW to the RET in the area of Platonesti town, Ialomita County, by building a 110 kV bay in the 400/110 kV substation Gura Ialomitei;
- Replacing the 220 kV circuit breaker from Bucharest South bay 2 in the 220/110/20 kV substation Ghizdaru;
- Replacing the accumulator batteries in the 400/110 kV substation Pelicanu, the 220/110 kV substation Fundeni, the 220/110/20 kV substations Targoviste and Turnu Magurele;
- Replacing the 220 kV circuit breakers in the 220/110/20 kV substation Gradiste;
- Installing two 100 A arc suppression coils and two 3000 kVA auxiliary service transformers in the 400/220/110/20 kV substation Sibiu Sud;
- Design services for the 400 kV OHL Suceava - Balti, the segment on Romania's territory;
- Replacing the tele-protection equipment of the 220 kV OHL-s Alba Iulia-Galceag and Alba Iulia-Sugag;
- Installing the fire protection installations to the 200 MVA autotransformers AT1 & AT2 in the 220 kV substation Gradiste;
- Replacing the reactor in the 400/110/20 kV substation Oradea Sud.

CONTRACTUAL ASPECTS

During the first nine months of 2015 a number of 96 investment contracts were signed of 210,9 mill Lei total amount compared to 73 contracts amounting in total to 306,5 mill Lei concluded in the same period of 2014.

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

- Switching voltage 400 KV shaft The Iron Gates-Resita-Timisoara-Arad-Sacalaz - 400/200/110 KV substation Resita;
- Replace AT and TRAF0 in substations - Step 2 - Lot I;
- Modernization of 110 KV substation and 20kV Suceava;
- Modernization of 400/110/10 KV substation Cluj East.



Significant events

EVENTS JANUARY - SEPTEMBER 2015

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

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

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

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

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

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

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

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

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

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

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

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

- **New ANRE regulations on tariffs**

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

- **Preliminary Certification of Transelectrica as TSO according to the model of ownership unbundling**

By Decision No. 1788 / 12.08.2015 of the President of the National Regulatory Authority for Energy (NRAE) the Company's preliminary certification as transmission system operator (TSO) of the Romanian Power System (NPC) according to the ownership unbundling model was approved.

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

➤ **Directorate**

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

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

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

Beginning with 29 July 2015, when the selection has been completed to fill the vacancy in the Directorate, organised as per GEO 109 / 2011 regarding corporative governance of public enterprises with later amendments and additions, the Supervisory Board appointed Mr Catalin Lucian CHIMIREL as Directorate member under Decision 88/27 July 2015. As of the same date the Mr Catalin Lucian CHIMIREL's capacity of Supervisory Board member in CNTEE Transelectrica SA ended.

➤ **Consiliul de Supraveghere**

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

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

- **Shareholders' general assemblies**

On 23 March the Shareholders' General Extraordinary Assembly (AGEA) and the

Shareholders' General Ordinary Assembly (AGOA) took place. The main aspects included in the AGOA decisions are as follows:

- Approving the investment plan of the financial year 2015 as well as the investment expenses estimated for 2016 and 2017.
- Approving the draft 2015 Revenue and Expense Budget of the CNTEE Transelectrica SA, as well as the estimates for 2016 and 2017.
- Setting the general limits of the fixed indemnification granted to Directorate and to Supervisory Board members of Transelectrica.
- Setting the general limits of the variable component in the remunerations of Directorate and of Supervisory Board members of Transelectrica.

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

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

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

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

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

EVENTS AFTER September 30th 2015

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

Ulterior primelor nouă luni ale anului 2015, au avut loc următoarele evenimente semnificative pentru Companie:

- **Shareholders' general assemblies**

On November 9 the Shareholders' General Extraordinary Assembly (AGEA) and the Shareholders' General Ordinary Assembly (AGOA) took place. The main aspects included in the AGOA decisions are as follows:

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

- Appointment as Member of the Supervisory Board of Mr. Costin Mihalache
- Appointment as Member of the Supervisory Board Mr. Dragos Corneliu Zachia - Zlatea
- The rejection of the proposal to reduce the share capital of CNTEE Transelectrica SA with the amount of 1,084,610 lei, representing the subscribed and paid up share capital of SC Subsidiary "The Institut of Energy Research and Modernization - ICEMENERG" - SA Bucharest by reducing the Romanian State holdings in the share capital of CNTEE Transelectrica SA pursuant to Government Decision no. 925/2010.

- **The inclusion of Romania (Romania-Hungary border) in Central-Eastern European region in the implementation process of the calculation method of transfer capacity for cross border by regions.**

On September 29 2015 at ENTSO-E was adopted the proposal on the region layout calculation cross border transfer capacities (Capacity Calculation Regions). A region of calculating cross border transfer capacity is a geographical area within which operators of electricity transmission networks apply coordinated system of calculation of capacity between different trading areas.

As adopted by ENTSO-E the proposal includes the border between Romania and Hungary in the region for calculating the cross-border transfer capacity of Central and Eastern Europe (CEE) early in the process of establishing methodologies for calculating capacity in the region.



Other issues

STRUCTURE OF SHAREHOLDERS

On 30.09.2015 the structure of shareholders was as follows:

Name of shareholder	
Romanian State through the Ministry of Economy, Trade and Tourism	43.020.309
Legal persons	20.786.470
S.I.F. Oltenia	3.949.105
Natural persons	5.547.258
Total	73.303.142

DISPUTES

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

▪ ANAF

The Company is in litigation with ANAF¹, which on 20 September 2011 issued a fiscal audit report on VAT return in September 2005 – November 2006, for a number of 123 unused invoices detected as missing, these being documents of special regime for which it estimated value added tax collected in amount of 16,303,174 Lei plus accessories amounting to 27,195,557 Lei.

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

Thus the Company was compelled to pay additional penalties of 944,423 Lei for the VAT that

¹http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=20000000293436&id_inst=2

DIRECTORATE MEMBERSHIP

On 30.09.2015 the Directorate membership was as follows:

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

should have been paid in November 2011, lest outstanding debts are registered to the State budget. In total in 2011 the Company paid 44,442,936 Lei.

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

La termenul din data de 30.04.2014, soluția pronunțată de instanța de fond – Curtea de Apel București, Secția a VIII-a Contencios Administrativ și Fiscal (Hotărâre nr. 1356/2014) în Dosarul nr. 6657/2/2012 a fost următoarea: “Respinge cererea reclamantei CNTEE Transelectrica SA (Contestație împotriva Actului administrativ fiscal ANAF)”. Compania urmează să atace cu recurs Hotărârea nr. 1356/2014.

▪ ANRE

CNTEE Transelectrica SA filed complaint against Order 51 / 26.06.2014 of ANRE president¹ registered under no. 47714 / 04.08.2014 with ANRE and contestation to the Appeal Court Bucharest requesting either amending the fore-mentioned order or issuing a new order to recalculate the RRR at 9.87% (recalculated with (β) coefficient of 1.0359, according to Transelectrica's specialists) or, in case such complaint is denied, it requested using the same 8.52% percentage that ANRE established for 2013 and semester I of 2014.

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

The values used in the calculation of the regulated rate of return (RRR^2) by ANRE according to the Methodology establishing the rates for electricity transmission services approved under Order 53 / 2013 of ANRE ("Methodology"), have determined the RRR value of 7.7%.

CNTEE Transelectrica SA considers that applying the provisions of article 51 from the Methodology by determining the Beta (β) parameter at 0.433 will prejudice the company's finance by decreasing the profitability of electricity transmission with an estimated 138.4 mill Lei⁴, with significant impact over the company's financial interests which might lead to financial instability of the Company in the

¹ http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=200000000318208&id_inst=2

² RRR- Regulated Rate of Return found in specific literature under the acronym WACC – Weighted Average Cost of Capital –; the formula of the two indicators is similar: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

³ Value that determined the RRR decrease to 7.7%

⁴ Value calculated in comparison with some 8.52% RRR

third regulatory period (01.07.2014 - 30.06.2019), thus prejudicing the company's shareholders and their interests as well.

At a hearing on 27 October 2015, the court warned the company that, within 5 days from the date of the meeting, to add to the file and to communicate them to the defendant, the objectives broken down to each of the surveys required by the application submitted on 25.02 .2015 respectively the specialty of investment securities and other entities and specialized electrical energy to discuss these objectives and delivery expertise to the court on next hearing.

The court adjourned the proceedings and granted the hearing on 11/24/2015.

▪ SC CONAID COMPANY SRL

The Company is involved as defendant under administrative dispute initiated by Conaid Company SRL⁵ as claimant, which is under insolvency procedures. File 5302/ 2/ 2013, on the docket of the Appeal Court Bucharest pertains first to the complaint of Conaid Company SRL about Transelectrica's unjustified refusal to conclude addendum to the RET connecting contract, which actually ended because the claimant failed to meet the suspensive terms. Another claim in the case, also rejected by the first instance, ascertains the unjustified refusal of Transelectrica (after expiry of the first contract) to conclude a new RET connection contract with the claimant company within the validity period of the connection permits.

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

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

The file is now on the docket of the High Court of Cassation and Justice, Administrative and Fiscal

⁵ http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=200000000306867&id_inst=2

Disputes Section, with respect to compelling the issuance of the administrative deed, court trial stage - appeal, hearing date on 09.12.2015.

▪ COURT OF AUDIT

In 2011 litigation was initiated in the administrative disputes court because the company contested the decision and conclusion issued by the Court of Audit¹. This latter Court set some measures to be implemented by the Company with a view to remedy some deficiencies found on the occasion of audits performed in the Company.

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

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

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

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

The next deadline date was set for November 18, 2015.

▪ OPCOM

On 24.11.2014 the Electricity and Natural Gas Markets Operator OPCOM SA² sued the Company to compel it paying 582,086.31 Euros (2,585,161.72 Lei at the BNR exchange rate of

24.11.2014), representing the amount paid as penalty from the total charge of 1,031,000 Euros.

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

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

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

On the 24 July 2015 hearing date the law court admitted the suing demand expressed by claimant Electricity and Natural Gas Markets Operator OPCOM SA in contradiction to the defendant National Power Grid Company Transelectrica SA and compelled the defendant paying 582,086.31 euro to the claimant, representing the amount the claimant paid instead of the defendant out of the 1,031,000 Euro penalty charged under European Commission Decision of 05.03.2014 in the case AT.39984, as well as the legal interest related to the amount of 582,086.31 Euros calculated on 11.06.2014 until the date of the actual payment. The law court also compels the defendant to pay the claimant 37,828.08 Lei as trial expenses, with appeal within 30 days from notification. The sentence was not communicated to the Company until the date of this report.

▪ SMART

The National Power Grid Company Transelectrica SA instituted legal proceedings³ in order to cancel

¹http://portal.just.ro/2/SitePages/Dosar.aspx?id_dosar=200000000313663&id_inst=2

²http://portal.just.ro/3/SitePages/Dosar.aspx?id_dosar=300000000614840&id_inst=3

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

Resolution 154954 / 30.12.2014 of the Designated Person pronounced under File 449314 / 23.12.2014, based on which the Office of the Commercial Register from Bucharest Tribunal recorded the share capital increase of Subsidiary Smart SA¹ by in-kind contribution and amended accordingly the Articles of Association in compliance with Decision 12375/22.12.2014 of the BA Chairman and to the BA Decision 19/22.12.2014.

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

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

The company also filed a legal action against the resolution of Trade Register Office Director and the acts issued by Subsidiary SC Smart SA for the capital increase, subject of File no. 14001/3/2015² before the Court of Bucharest - Department of Civil-VI, with the hearing on 07/09/2015.

On 09.07.2015 the court ordered the severance ends 2 and 3 of the application for summons filed by the applicant in contradiction with the defendants Transelectrica Branch Society for Maintenance Services Electricity Transmission Grid Smart SA, the Romanian State Government General Secretariat NTC and forming a new folder with the period 02.11.2015. In this case for further term judgment is given on 10.19.2015, C3 Fund, 08.30 am, room 128 - without summoning the parties. Delivered in public session today September 7, 2015.

On 19.10.2015, the court under Art. 413 para. 1 pt. 2 Criminal Procedure. civ., has the suspension of the application of summons filed by the plaintiff Transelectrica in contradiction with the defendants Branch Society for Maintenance Services to Electricity Transmission Grid Smart SA, the Romanian State and NTC, pending final determination of the cause that case nr. 32675/3/2015 before the Bucharest Court - Civil Division VI.

²http://portal.just.ro/3/SitePages/Dosar.aspx?id_dosar=300000000638142&id_inst=3



Annexes

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

[thousand lei]	30.09.2015	31.12.2014
Assets		
Non-current assets		
Property, plant and equipment	3,294,659	3,387,760
Intangible assets	35,975	39,503
Financial assets	57,028	57,028
Total non-current assets	3,484,290	3,387,662
Current assets		
Inventories	36,285	36,285
Trade and receivables	717,455	717,455
Cash and cash equivalents	919,382	919,382
Total current assets	1,673,123	1,957,096
Total assets	5,060,785	5,441,386
Shareholders' equities and liabilities		
Shareholders' equities		
Share capital, of which:	733,031	733,031
<i>Share capital subscribed</i>	733,031	733,031
Share premium	49,843	49,843
Legal reserves	78,424	78,424
Revaluation reserves	577,780	615,408
Other reserves	24,235	23,661
Retained earnings	1,449,531	1,312,740
Total shareholders' equities	2,912,845	2,813,106
Non-current liabilities		
Long term deferred revenue	502,592	552,768
Borrowings	632,720	792,044
Deferred tax liabilities	25,195	28,210
Employee benefits obligations	29,126	29,126
Total non-current liabilities	1,189,634	1,402,148
Current liabilities		
Trade and other liabilities	696,722	945,657
Other tax and social security liabilities	6,553	7,578
Borrowings	187,753	200,678
Provisions	18,399	24,784
Short term deferred revenue	32,839	33,070
Payable income tax	16,039	14,365
Total current liabilities	958,306	1,226,132
Total liabilities	2,147,940	2,628,280
Total shareholders' equities and liabilities	5,060,785	5,441,386

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

thousand lei	01.01 – 30.09.2015	01.01 – 30.09.2014	T2 2015	T3 2015	T3 2014
Revenues					
Revenues from transmission	971,531	939,564	318,697	292,191	319,145
Revenues from system services	544,197	557,312	172,709	174,522	171,490
Revenues from the balancing market	661,131	409,964	140,027	309,022	122,771
Other revenues	38,716	46,762	15,591	13,693	21,346
Total operational revenues	2,215,574	1,953,602	647,024	789,427	634,753
Operational expenses					
System operating expenses	(175,749)	(159,238)	(56,393)	(54,210)	(51,791)
Balancing market expenses	(661,131)	(409,964)	(140,027)	(309,022)	(122,771)
Technological system service expenses	(504,364)	(479,082)	(168,281)	(140,781)	(172,104)
Amortisement	(239,269)	(252,063)	(80,087)	(79,063)	(81,225)
Salaries and other remunerations	(125,971)	(124,029)	(43,799)	(41,932)	(42,459)
Repairs and maintenance	(62,415)	(62,620)	(24,551)	(23,619)	(25,331)
Materials and consumables	(6,648)	(6,227)	(2,450)	(2,108)	(2,247)
Other operational expenses	(81,667)	(105,617)	(30,034)	(30,601)	(31,801)
Total operational expenses	(1,857,213)	(1,598,839)	(545,624)	(681,335)	(529,728)
Profit from operations	358,361	354,762	101,400	108,092	105,025
Financial revenues	44,565	49,020	15,419	14,474	1,969
Financial expenses	(43,867)	(41,794)	18,287	(12,065)	(14,499)
Net financial result	699	7,226	(2,869)	2,408	(12,530)
Profit before tax	359,060	361,988	98,532	110,501	92,495
Income tax	(54,406)	(59,004)	(14,522)	(16,264)	(15,718)
Profit of the year	304,654	302,985	84,009	94,237	76,776

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

thousand lei	Period of 9 months ended on 30 September 2015	Period of 9 months ended on 30 September 2014
Cash flows from operational activities		
Profit of the time interval	304,654	302,985
Adjustments for:		
Income tax expense	54,406	59,004
Depreciation and amortisement	239,269	252,063
Provisions for impairment of trade receivables and other	15,408	33,970
Reversal of provisions for impairment of trade receivables & other receivables	(20,909)	(8,449)
Net loss from disposal of property, plant and equipment	813	4,481
Reversal of adjustments for property, plant and equipment	6,427	0
Net reversal of adjustments for provisions of risks and charges	(5,738)	(7,731)
Interest expenses, interest revenue and unrealised exchange rate gains	(702)	(7,303)
Cash flows before changing the current capital	593,629	629,019
Changes in:		
Trade and other receivables	342,539	(16,018)
Inventories	(605)	34
Trade and other liabilities	(264,182)	(3,510)
Other tax and social security liabilities	(1,025)	32,330
Deferred revenue	(49,959)	32,903
Cash generated from operational activities	620,397	674,758
Interest paid	(15,722)	(21,103)
Income tax paid	(52,472)	(59,741)
Net cash from operational activities	552,203	593,914
Cash flows used in investments		
Procurement of property, plant and equipment and of intangible	(139,320)	(142,874)
Proceeds from sale of property, plant and equipment	0	2
Interest received	10,238	9,945
Dividends received	7,072	13,224
Net cash used in investments	(122,010)	(119,703)
Cash flows used in financing activities		
Repayment of long term borrowings	(171,450)	(156,071)
Dividends paid	(204,599)	(162,910)
Net cash used in financing activities	(376,048)	(318,981)
Net increase / (Decrease) of cash and cash equivalents	54,145	155,230
Cash and cash equivalents on 1 January	865,238	600,699
Cash and cash equivalents at the end of the period	919,382	755,929

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

No.	INDICATORS	REB 9 months 2015	Achieved 9 months 2015	Differences (+/-)	Degree of achievement (%)
0	1 [thousand Lei]	2	3	4=3-2	4=3/2 * 100
I.	TOTAL REVENUES	2,088,698	2,260,140	171,441	108%
	1 Total operational revenues	1,000,338	1,063,572	63,235	106%
	2 Financial revenues	33,839	44,565	10,726	132%
	3 Revenues from zero profit activity	1,054,521	1,152,002	97,481	109%
II	TOTAL EXPENSES	1,945,411	1,901,079	-44,331	98%
	1 Operational expenses	851,947	689,381	-162,566	81%
	A Expenses with goods and services	418,584	297,694	-120,890	71%
	B Expenses with taxes, charges and assimilated payments	23,603	20,218	-3,385	86%
	C Personnel expenses	136,848	131,370	-5,478	96%
	D Other operational expenses	272,912	240,099	-32,813	88%
	2 Financial expenses	38,942	43,867	4,924	113%
	3 Extraordinary expenses	0	2,337	2,337	
	4 Expenses from zero profit activity	1,054,521	1,165,495	110,974	111%
III	GROSS RESULT (profit / loss)	143,287	359,060	215,773	251%
IV	INCOME TAX	26,963	54,406	27,443	202%
V	ACCOUNTING INCOME REMAINING AFTER INCOME TAX DEDUCTION	116,324	304,654	188,330	262%

ANNEX 5: Economic-financial indicators of the reporting period

Indicators	Calculation formula	30.09.2015	30.09.2014
Indicator of current liquidity (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.75	1.66
Indicators of gearing ratio (x):			
(1) Indicator of leverage	$\frac{\text{Capital borrowed} \times 100}{\text{Equity}}$	21.72%	28.78
(2) Indicator of leverage	$\frac{\text{Capital borrowed} \times 100}{\text{Committed capital}}$	17.85%	22.35
Clients turnover (days)	$\frac{\text{Average clients balance}^* \times 270}{\text{Turnover}}$	29.93	38.08
Clients turnover (days)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.64	0.54

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