

**CNTEE “TRANSELECTRICA” SA
Two-Tier Company**

Financial Interim and Separate Simplified Report
on the date and for the period of six months concluded on
30 June 2016

Drafted according to
The International Accounting Standard 34- ‘Financial Interim Report’

CNTEE “TRANSELECTRICA” SA

Simplified separate situation on the financial position on 30 June 2016

(All amounts are expressed in RON, unless otherwise indicated)

	Note	30 June 2016	December 31, 2015
Assets			
Fixed Assets			
Tangible assets	4	3,227,447,765	3,341,450,716
Intangible Assets		33,945,658	34,569,691
Financial Assets		55,944,450	55,944,450
Total Fixed Assets		3,317,337,873	3,431,964,857
Current Assets			
stocks		33,293,416	34,328,954
Clients and similar accounts	5	740,770,366	723,447,541
Other financial assets	6	-	70,085,000
Cash and Cash Equivalents	7	878,544,857	974,451,258
Total Current Assets		1,652,608,639	1,802,312,753
Total Assets		4,969,946,512	5,234,277,610
Shareholders' Equity and Liabilities			
Equity			
Social Capital, from which:		733,031,420	733,031,420
<i>Subscribed Social Capital</i>		733,031,420	733,031,420
Share Premium		49,842,552	49,842,552
Legal Reserve Fund		99,407,385	99,407,385
Reserve Fund from Reevaluation		575,598,458	603,684,792
Other Reserves		56,638,047	55,694,602
Reported result		1,463,286,691	1,487,644,971
Total Shareholders' Equity	8	2,977,804,553	3,029,305,722
Non- Current Liabilities			
Non-Current Revenues in Advance	9	447,161,570	462,721,487
Loans	10	564,559,494	634,589,744
Deferred Tax Liabilities		32,016,624	34,663,246
Obligations regarding employee benefits		34,669,295	34,669,295
Total Non- Current Liabilities		1,078,406,983	1,166,643,772
Current Liabilities			
Trade Payables and Other Liabilities	11	655,212,589	776,167,704
Other Taxes and Liabilities for Social Insurance	12	20,415,601	6,763,363
Loans and related interest	10	161,514,000	167,362,315
Provisions		30,270,830	38,255,213
Short Term Revenues in advance	9	32,804,903	33,408,244
Tax on Payable Income	13	13,517,053	16,371,277
Total Current Liabilities		913,734,976	1,038,328,116
Total Liabilities		1,992,141,959	2,204,971,888
Total Shareholders' Equity and Liabilities		4,969,946,512	5,234,277,610

The notes attached 1-22 constitute an important part of these separate interim simplified financial reports.

CNTEE “TRANSELECTRICA” SA

Separate profit and loss account for the six month period ended 30 June 2016

(All amounts are expressed in RON, unless otherwise indicated)

	Note	01 April – 30 June 2016	01 April – 30 June 2015	01 January - 30 June 2016	01 January - 30 June 2015
Revenues					
Revenues from transportation service		277,871,058	318,696,631	595,103,411	679,339,274
Revenues from the system services		172,033,692	172,708,995	366,523,621	369,675,044
Revenues from the balancing market		136,730,039	140,027,426	366,613,123	352,109,044
Other incomes		7,752,756	15,590,963	21,381,130	25,023,566
Total Revenues	14	594,387,545	647,024,015	1,349,621,285	1,426,146,928
Operating Expenses					
Expenses for system operation	15	(57,624,189)	(56,393,434)	(120,483,119)	(121,538,787)
Expenses with the balancing market	15	(136,730,039)	(140,027,426)	(366,613,123)	(352,109,044)
Expenses regarding the technological system services	15	(143,326,495)	(168,281,497)	(332,973,205)	(363,583,519)
Depreciation		(81,175,972)	(80,087,201)	(162,814,399)	(160,205,708)
Salaries and other retributions		(43,408,820)	(43,798,791)	(84,715,708)	(84,039,152)
Repairs and Maintenance		(21,009,945)	(24,551,273)	(35,527,540)	(38,795,598)
Materials and Consumables		(2,047,009)	(2,449,580)	(3,738,474)	(4,539,921)
Other operating expenses	16	(45,271,132)	(30,034,413)	(62,624,094)	(51,066,086)
Total Operating Expenses		(530,593,601)	(545,623,615)	(1,169,489,662)	(1,175,877,815)
Operating Profit		63,793,944	101,400,400	180,131,623	250,269,113
Financial Revenues		5,201,374	15,418,522	18,071,230	30,091,634
Financial Expenses		(12,824,621)	(18,287,230)	(23,599,246)	(31,801,344)
Net Financial Result	17	(7,623,247)	(2,868,708)	(5,528,016)	(1,709,710)
Income before income taxes		56,170,697	98,531,692	174,603,607	248,559,403
Tax on income	13	(13,505,628)	(14,522,233)	(32,794,894)	(38,141,919)
Profit of the Financial Year		42,665,069	84,009,459	141,808,713	210,417,484

CNTEE “TRANSELECTRICA” SA

Separate profit and loss account for the six month period ended 30 June 2016

(All amounts are expressed in RON, unless otherwise indicated)

	<u>Note</u>	<u>01 April – 30 June 2016</u>	<u>01 April – 30 June 2015</u>	<u>01 January - 30 June 2016</u>	<u>01 January - 30 June 2015</u>
Profit of the Financial Year 141,808,713		42,665,069	84,009,459		210,417,484
Other Elements of Global Result					-
TOTAL Global result		42,665,069	84,009,459	141,808,713	210,417,484

The simplified separate interim financial have been were approved by the Company's management on August 9, 2016, and signed on its behalf by:

Management Board,

Ion-Toni TEAU
President Member of the Management Board

Constantin VĂDUVA
member

Octavian LOHAN
member

Luca-Nicolae Iacobici
member

Veronica CRIȘU
For CFO, Manager of the Department of Financial strategy and Treasury

Cristina STOIAN

The notes attached 1-22 constitute an important part of these separate interim simplified financial reports.

CNTEE “TRANSELECTRICA” SA

Separate Statement of changes in equity on 30 June 2016

(All amounts are expressed in RON, unless otherwise indicated)

	Share Capital	Share Premium	Legal Reserve Fund	Reserve fund from Reevaluation	Other Reserves	Retained Earnings	Total
Balance on 1st 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
Global Result of the Period							
Profit of the Financial Year	-	-	-	-	-	210,417,484	210,417,484
Other Elements of the Global Result, of which							
Recognition of actuarial gains regarding the determined plan of benefits	-	-	-	-	-	-	-
Total Other Elements of the Global Result of the Period	-	-	-	-	-	-	-
Total Global Result of the Period	-	-	-	-	-	210,417,484	210,417,484
Other Elements							
Transfer of the Reserves from the Reevaluation in the Retained Earnings	-	-	-	(25,445,330)	-	25,445,330	-
Increase of the Legal Reserve Fund	-	-	-	-	-	-	-
Other Elements	-	-	-	-	127,200	-	127,200
Total Other Elements	-	-	-	(25,445,330)	127,200	25,445,330	127,200
Contribution from shareholders and distributions to shareholders							
Structural Funds regarding Public Assets	-	-	-	-	1,216,001	-	1,216,001
Distribution of dividends	-	-	-	-	-	(205,490,698)	(205,490,698)
Total contributions from shareholders and distributions to shareholders	-	-	-	-	1,216,001	(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
Balance on 1st January 2016	733,031,420	49,842,552	99,407,385	603,684,792	55,694,602	1,487,644,971	3,029,305,722
Global Result of the Period							
Profit of the Financial Year	-	-	-	-	-	141,808,713	141,808,713
Other Elements of the Global Result, from which							
Recognition of Actuarial Losses regarding the Determined Plan of Benefits	-	-	-	-	-	-	-
Total Other Elements of Global Result	-	-	-	-	-	-	-
Total Global Result of the Period	-	-	-	-	-	141,808,713	141,808,713
Other Elements							
Transfer of the Reserves from the Reevaluation in the Retained Earnings	-	-	-	(28,086,334)	-	28,086,334	-
Increase of the Legal Reserve Fund	-	-	-	-	-	-	-
Other Elements	-	-	-	-	-	-	-
Total of Other Modifications	-	-	-	(28,086,334)	-	28,086,334	-
Contribution from shareholders and distributions to shareholders							
De-recognition of the public assets	-	-	-	-	-	-	-
Subsidies related to the nature of public property assets (connection fee)	-	-	-	-	943,445	-	943,445
Distribution of dividends	-	-	-	-	-	(194,253,327)	(194,253,327)
Total contributions from shareholders and distributions to shareholders	-	-	-	-	943,445	(194,253,327)	(193,309,882)
Balance on 30 June 2016	733,031,420	49,842,552	99,407,385	575,598,458	56,638,047	1,463,286,691	2,977,804,553

The notes attached 1-22 constitute an important part of these separate interim simplified financial reports.

CNTEE “TRANSELECTRICA” SA
 Separate Statement of cash flows on June 30, 2016
 (All amounts are expressed in RON, unless otherwise indicated)

	Period of 6 months ended on 30 June 2016	Period of 6 months ended on 30 June 2015
Treasury flows from the operating activity		
Profit of the Period	141,808,713	210,417,484
Adjustments for:		
Tax Expense	32,794,893	38,141,920
Depreciation Expenses	162,814,399	160,205,708
Provisions Expenses from depreciating the trade receivables and other receivables	14,927,250	12,723,176
Revenues from the reversal of provisions for depreciating the trade receivables and of other receivables	(2,866,182)	(17,409,152)
Profit/Loss from the sale of tangible assets, net	(13,665)	802,467
Reversal of the important adjustments regarding tangible assets	2,147,289	3,247,414
Net reversal of the important adjustments regarding provisions for risks and expenses	(7,995,649)	(6,638,705)
Interest expenses, interest revenues and unrealized revenues from differences of the exchange	5,891,886	1,914,866
Treasury flows before modifying the working capital	349,508,934	403,405,178
Modifications in:		
Clients and similar accounts – operational activity	67,885,192	284,885,464
Clients and similar accounts – support scheme for high efficiency cogeneration	(95,078,684)	67,720,751
Inventories	1,035,538	252,461
Trade Payable and Other Liabilities – operational activity	(118,899,920)	(270,647,905)
Trade Payable and Other Liabilities– support scheme for high efficiency cogeneration	(16,367,190)	(47,432,417)
Other taxes and liabilities for social insurance	13,652,238	22,308,067
Revenues in Advance – support scheme for high efficiency cogeneration	(15,219,813)	(40,024,137)
Treasury flows from the operating activity	186,516,295	420,467,462
Paid Interests	(6,901,244)	(10,514,484)
Tax on income	(38,295,739)	(36,929,303)
Net cash generated from the operating activity	141,319,312	373,023,675
Treasury flows used in the investment activity		
Acquisition of tangible and intangible assets	(67,300,960)	(54,092,311)
Cashing unused advances	29,581,392	-
Proceeds from sale of Tangible Assets	13,683	-
Cashed Interests	3,586,268	7,609,100
Cashed dividends	609,035	951,223
Other financial assets	70,085,000	-
Net cash generated / (used) in the investment activity	36,574,418	(45,531,988)
Treasury flows used in the financing activity of financing		
Repayments of long-term loans	(81,254,911)	(102,504,121)
Paid dividends	(192,545,220)	(202,950,785)
Net cash used in the financing activity	(273,800,131)	(305,454,906)
Net Increase/(Decrease) of the cash and of the cash equivalents	(95,906,401)	22,036,781
Cash and cash equivalents on 1 January (see Note 7)	974,451,258	865,237,573
Cash and cash equivalents at the end of the period (see Note 7)	878,544,857	887,274,354

The notes attached 1-22 constitute an important part of this separate financial report.

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

1. General Information

The main activity of Transelectrica SA ("the Company") consists of: providing the service of electricity transmission and system services, balancing market operator, administrator of bonus type support scheme, other related activities. These activities take place according to the provisions of the business license no. 161/2000, issued by ANRE Decision no 802/18.05.2016, of the general Conditions associated to the license approved through the ANRE Order no. 104/2014, and of the final certification of the Company as a transport operator and system of the National Electroenergetic System according to the model of separating the property ('ownership unbundling').

The address of the social headquarters is General Gheorghe Magheru Boulevard no. 33, Bucharest, sector 1. At the moment, the activity of the Company's executive takes place at the work point in Otopeni Street no. 2-4, District 3. Bucharest.

The separate interim financial reports drafted on 30st June 2016 are not audited.

2. Bases of Drafting

a) Declaration of Conformity

These financial, interim, separated and simplified financial reports were drafted according to IAS 34 *Interim Financial Report*. These do not include all the necessary information for a complete set of financial reports according to the International Standards of Financial Report ('SIRF'). Yet, certain explicative notes are included for explaining the events and the transactions which are significant for understanding the modifications from the financial position and the performance of the Company from the last financial annual reports which were separated on the date of and for the financial year concluded on 31st December 2015.

b) Professional Reasoning and Estimations

Significant Reasoning used by the management for applying the accounting policies of the Company and the main incertitude sources regarding to estimations were the same with those applied to the financial reports which were separated on the date of and for the financial year concluded on 31st December 2015.

3. Significant Accounting Policies

The accounting policies applied in these interim financial reports which are simplified and separate are the same with those applied in the Company's separate financial reports on the date and for the financial year ended on 31st December 2015.

4. Tangible Assets

The value of tangible assets recorded at the end of the previous financial year includes the fair value measurement recorded for special buildings and installations of the Company. The total value of net tangible assets decreased compared to December 31, 2015 after recording amortization corresponding first 6 months of 2016 amid an increase of the amounts in tangible assets in progress.

Thus, the increase registered in the first semester of 2016 was mainly represented by the works of investment in stations and high voltage power lines, as follows:

- Technical upgrade of the Station 400/220/110/20 kV Bradu – 45.963.458;
- Interconnection OL 400 kV Reșița (Romania) - Pancevo (Serbia);
- Technical upgrade of the Station 220/110/20 kV Campia Turzii – 4.663.740;
- Modernizing the internal services c.c. and c.a. in the Station 400/110 kV Draganesti Olt – 1.821.661;
- Connecting to RET of CEE 136 MW from the are of the Platonesti locality, Ialomita County, by making a cell of 110 kV in the Station 400/110 kV Gura Ialomitei - 1.524.013;
- Replacement of power equipment SCADA Gutinas system 400/220 kV – 1.468.112;
- Modernization in order to reduce the effects of the scampering on LEA 400kw in the area Baragan Fetesti, Cernavoda - Pelicanul, Cernavoda - Gura Ialomita (cir. 2), Bucharest South - Pelicanul under the management of ST Bucharest - 1.379.466.

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

- Modernizing the Station 220/110 kV Tihau – primary equipment – 105.509;
- Re-conductors LEA 220 kV Craiova Nord - Isalnita, circus. 1 – 1.175.357;
- Modernizing the control and protection system and of the Station 20 kV from the Station 220 /110/20 kV Vetis – 990.773;
- Connecting of the power station for manufacturing energy in the cogeneration system based on the biomass with the power of 5,4 MW - CTE ENVISAN - stage 1 – 956.015;
- Regulation of the coexistence between LEA 220 kV Mintia-Timisoara, in the section 303-305, at the intersection with the cu Timisoara-Lugoj Highway, lot 2, km 54+000-km 79+625 – 943.445;
- Assembling the optic fiber and modernizing of the system of distance protections on LEA 400 kV d.c. Tantareni-Turceni and LEA 400 kV s.c. Urechesi-Rovinari – 855.055;
- Increasing the security degree of the equipment related to the Station 400/220/110/10 kV Bucharest South – Replacement of equipment 10 kV - Lot II – 691.079;
- Integrated Security System at the Station 400KV Stupina – 625.356;
- LEA 400 kV Gadalina - Suceava, including the interconnection from la SEN – 592.394;
- The connection of the sewage of the station 400 / 110kV in Brasov to the city sewage plant - 539.251;
- regulating the coexistence between LEA 220 kV Mintia-Timisoara and Highway Lugoj - Deva, lot 2, km 41+890 – 315.682;
- Replacement of the pillar no. 301 from LEA 400kV Mintia - Sibiu Sud – 287.865;
- Modernizing headquarters building CE Resita – 220.099;
- Thermal Upgrading of the headquarters building IRE Craiova - old wing – 207. 321;
- Regulating the coexistence of LEA 400 kV with the bypass belt highway Brasov DN 11 - DN 13 – 182.484;
- Technical upgrade of the Station 220/110/20/20 kV Ungheni – 176.308;
- Modernization of the building CE Bradu – 146.724;
- LEA 400 kV d.c. (1 c.e.) Constanta Nord-Medgidia Sud – 142.500;
- Modernization of industrial building no.2 ST Timisoara regime Sp + P + 1E - 138.825;
- Replacement of the battery of accumulators 220 V cc in the Station 400 kV Arad – 121.021;
- Services of designing related to LEA 400 kV Suceava - Balti, for the part of project on the Romanian Territory – 108.666.

The largest transfers of tangible assets in progress to tangible in the first semester of 2016 are mainly represented by the commissioning of the investment objectives, as follows:

- Integrated security system in the power Stations stage IV- the Power station 400/110 kV kV Constanta Nord – 3.317.210.
- Integrated Security System at the Power Station 400KV Stupina – 1.911.274;
- Replacement of power equipment SCADA Gutinas system 400/220 kV – 1.485.048;
- Modernization of industrial building no.2 ST Timisoara regime Sp + P + 1E - 1.176.097;
- Re-conductors LEA 220 kV Craiova Nord - Isalnita, circus. 1 (SF+CS+PT) – 1.220.764;
- Connecting of the power station for manufacturing energy in the cogeneration system based on the biomass with the power of 5,4 MW - CTE ENVISAN - stage 1 – 956.015;
- Regulation of the coexistence between LEA 220 kV Mintia-Timisoara, in the section 303-305, at the intersection with the cu Timisoara-Lugoj Highway, lot 2, km 54+000-km 79+625 – 943.445;
- expanding domestic services AC and D.C., completion of the control command and protection system of station 220/110 kV Pestis – 594.208;
- Replacement of the pillar no. 301 from LEA 400kV Mintia - Sibiu Sud – 527.941;
- Regulating the coexistence of LEA 400 kV with the bypass belt highway Brasov DN 11 - DN 13 – 329.685;
- Replacement of the battery of accumulators 220 V cc in the Station 400 kV Arad – 242.041;
- Refurbishment of water supply facility by creating the private water source in the Station 400/220/110 kV Gutinas – 210.688.
- Thermal Upgrading of the headquarters building IRE Craiova - old wing – 207. 321;
- Professional IR camera, software and accessories - 190.0000;
- Modernization of the building CE Bradu – 170.134;
- Technological renewal of the 400/110/20 kV Station Tulcea West - technological part;

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

The balance of tangible assets in progress on 30 June 2016 is represented by the ongoing projects, the most significant being listed below:

- LEA 400 kV of interconnection Reșița (Romania) - Pancevo (Serbia) – 2.945.545;
- Technical upgrade of the Station 400/220/110/20 kV Bradu – 32.872.267;
- Technical upgrade of the Station 220/110/20 kV Campia Turzii – 32.100.302;
- Integrated security system at electrical substations, stage IV - 20,913,028;
- Increasing the security degree of the equipment related to the Station 400/220/110/10 kV Bucharest South – Replacement of equipment 10 kV - Lot II – 18.637.323;
- Expanding of services to ensure business continuity and disaster recovery - 14,419,361;
- The transition to 400 kV voltage of the axis Iron Gates - Resita - Timisoara - Sacalaz - Arad - Stage I - Extension of 400 kV Iron Gates - 13,442,311;
- LEA 400 kV d.c. Cernavodă-Stâlpu and connecting in Gura Ialomitei – 7.526.392;
- HVDC Link 400 kV (Underwater cable Romania - Turkey) – 5.853.759;
- LEA 400 kV Gadalin - Suceava, including the interconnection from Ia SEN – 5.524.053;
- The transition to 400 kV voltage of the axis Iron Gates - Resita - Timisoara - Sacalaz - Arad - Stage I - LEA 400 kV s.c.; Iron Gates - (Anina) – Resita – 4.989.755;
- Fixing the crash at the terminals 110-120 din LEA 220kV Bucharest South – Ghizdaru – 4.257.365;
- Expanding with new functionalities of the control system and the computerized inventory of the access in objectives of CNTEE "TRANSELECTRICA" SA - 3,200,918;
- Services of designing related to LEA 400 kV Suceava - Balti, for the part of project on the Romanian Territory – 3.439.709.
- The transition to 400 kV voltage of the axis Iron Gates - Resita - Timisoara - Sacalaz - Arad - Stage II - LEA 400 kV d.c. Resita - Timisoara – Sacalaz – 3.197.760;
- Connecting to RET of CEE 136 MW Platonesti, Ialomita County, by making a cell of 110 kV in the Station 400/110 kV Gura Ialomitei - 2.889.337;
- Replacement of T3 and T4 Trafo 110/10kV, 25 MVA with 110/(20)10 kV 40 MVA transformers in 220/110kV Station Fundeni.
- Integrated security system at electrical substations, stage III - 2.798.024;
- Modernization power station 220/110/20 kV Raureni – 2.676.732;
- Connecting LEA 400 kV Isaccea - Varna and LEA Isaccea - Dobrudja in the station 400 kV Medgidia South – 2.622.446;
- Deviation LEA 110 kV Cetate 1 and 2 close to the station 110/20/6 kV Ostrovul Mare – 2.578.438;
- Connecting to RET of CEE 27 MW from the are of the Stalpu locality, Buzau county, by making two 110 kV cells in the power station 220/110 kV Stalpu – 2.107.207;
- Modernizing the internal services c.c. and c.a. in the Station 400/110 kV Draganesti Olt – 1.861.911;
- The transition to 400 kV voltage of the axis Iron Gates - Resita - Timisoara - Sacalaz - Arad - Stage I - Station 400/220/110 kV Resita - 1.376.760;
- Assembling the optic fiber and modernizing of the system of distance protections on LEA 400 kV d.c. Tantareni-Turceni and LEA 400 kV s.c. Urechesti-Rovinari – 1.132.390;

For intangible assets in progress the largest entry in the first semester of 2016 was 704.846 represented by NEPLAN software licenses + licenses modules CIM / XML 7 NEPLAN Software: 2 new licenses, 5 modules CIM/XML and upgrade for 13 NEPLAN licenses +5 module CIM/XML licenses.

The biggest transfers of intangible assets in progress to intangible assets in the same period are represented by:

- Software for an integrated security system in the power Station 400/110 kV Constanta Nord - 38.005;
- Licenses Microsoft Windows 7 Professional, 64-bit, English - 2.796.

5. Trade Receivables and Other Receivables

On 30st June 2016 and 31st December 2015 the trade receivables and other receivables are presented as follows:

	30 June 2016	December 31, 2015
Trade Receivables	779,015,873	684,296,714
Other Receivables	130,863,394	115,977,790
Advances towards Providers	10,179,006	68,413,826
Non-reimbursable Funds to be received	4,827,104	5,239,033

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

VAT to be recovered	-	21,666,435
Adjustments for depreciating the uncertain trade receivables	(99,217,447)	(87,986,497)
Adjustments for depreciating other uncertain receivables	(84,897,564)	(84,159,760)
Total	740,770,366	723,447,541

The structure of trade receivables is the following one:

	<u>30 June 2016</u>	<u>December 31, 2015</u>
Customers on the electricity market, including:	777,747,014	679,681,724
- Clients - operational activity	514,238,866	511,252,260
- Clients - the bonus type support draft to promote high-efficiency cogeneration	263,508,148	168,429,464
Clients from other activities	1,268,859	4,614,990
Total Trade Receivables	779,015,873	684,296,714

- CNTEE Transelectrica SA operates based on the Business License No.161 / 2000 issued by ANRE, as updated by the Decision of ANRE President no. 802/18.05.2016, for the service of electricity transmission, delivery of the system service, and for the management of the balancing market.

On 30st June 2016, the current customers in the operational activity registers an insignificant increase in comparison with 31st December 2015 mainly determined by:

- A slowdown in collection of receivables from customers who are in general facing the insolvency procedure;
- reducing average prices approved by ANRE for the services provided by the Company since 1st July 2015.

The main current customers on the electricity market are represented by: Electrocentrale Bucharest, RAAN, Electrica Furnizare, E.ON Energie Romania, CIGA, Electrocentrale Oradea, Enel Energie, Enel Energie Muntenia, Tinmar Energy, Alro, CEZ Vanzare, Transenergo Com, Petprod, CET Govora, Complex Energetic Oltenia, Eco Energy, Romenergy Industry. The percentage of the main customers on the electricity market is about 69% in total trade receivables.

- CNTEE Transelectrica SA carries out activities related bonus type support scheme to promote high efficiency cogeneration, acting administrator of the support scheme, in conformity with the provisions of Government Decision no. 1215/2009 'the main tasks are to collect monthly contribution for cogeneration and the monthly payment of bonuses ".

On 30st June 2016, the Company registers receivables to be cashed from the bonus type support draft for promoting the high efficiency cogeneration in a proportion of about 34% (31st December 2015-25%) of total trade receivables.

The customers from the bonus type support scheme to promote high efficiency cogeneration recorded on June 30, 2016 an increase in receivables mainly determined by receivables registered under ANRE decision issued in April for the activity of overcompensation for the year 2015.

During January 1 to June 30, 2016, the amounts related the bonus type support scheme diminished as follows:

- The amount of 6,986,316 representing overcompensation for 2014, of which revenues through banking transactions in the amount of 195,801 (Termo Calor) and collections based compensation made by the Institute of Management and Informatics (according to Government Decision no. 685/1999) in the amount of 6,790,515 (Electrocentrale Oradea);
- the amount of 21,820,586 representing overcompensation for 2015, of which revenues through banking transactions in the amount of 12,362,142 (CET Grivita, Prahova Veolia, Veolia Iasi, Thermoenergy) and collections based compensation made by the Institute of Management and Informatics (according Government Decision no. 685/1999) amounting to 9,458,444 (Oltenia Energy Complex and ENET);
- the amount of 2,674,846 representing unduly bonus for 2015, of which revenues through banking transactions in the amount of 324,626 (Electrocentrale Bucharest) and collections based on compensation made by the Institute of Management and Informatics (according to Government Decision no. 685/1999) in the amount of 2.350.220 (CET Arad).

On 30 June 2016, the Company recorded accounts receivable in the amount of 202,946,095 represented by the invoices issued related to the bonus type support scheme to promote high-efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 amounted to 76.702.140, namely from RAAN -63.467.054 and - CET Govora SA - 13.235.086;
- overcompensation for 2014 amounted to 6,250,863, respectively from Electrocentrale Oradea - 6,250,863;

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

- unduly bonus for 2014 in the amount of 3.914.960 respectively from RAAN - 1.981.235, CET Govora - 1.933.725;
- unduly bonus for 2015 amounting to 563.899, respectively from CET Govora - 534.377 Interagro - 29.523;
- overcompensation for 2015 amounted to 97,834,254, respectively from Electrocentrale Bucharest - 74.825.740 and Electrocentrale Oradea - 23,008,514. Electrocentrale Bucharest requested in July 2016 compensation for assets and liabilities related to the mutual support scheme, Transelectrica agreeing with the conclusion of the compensation in the amount of 74.825.740.
- contribution for uncashed cogeneration from suppliers of electricity, amounting to 17.679.979, namely: Petprod – 4.391.193, RAAN- 2.377.682, Transenergo Com – 2.349.831, Romenergy Industry – 2.680.620, UGM Energy Trading - 1.764.096 and others.

To settle claims arising from overcompensation for the period 2011-2013, the company asked the producers to conduct mutual compensation. RAAN did not agree with this method of discharging of mutual receivables and payable, which is why the company has applied and continue to apply the provisions of the art. 17 paragraph 5 of the ANRE President's Order no. 116/2013 approving the Regulation on the establishment of the collection of the contribution for high efficiency cogeneration and payment of bonus for electricity produced in high efficiency cogeneration: 'If the manufacturer did not pay the administrator of the support draft of payment obligations arising under the provisions of this regulation, the administrator of the support draft pays the producer the difference between the value of the invoices issued by the manufacturer and the payment obligations of the manufacturer regarding the support scheme with explicit mention on the payment document, of that amounts' and withheld from the payment the amounts related to the due draft support.

CNTEE Transelectrica SA has signed a compensation agreement with CET Govora and for rescheduling of debts representing amounts from the value of overcompensation for the period 2011-2013 and unduly bonus for 2014 (Convention no. C 135 / 30.06.2015 and Addendum No. 1 / 04.08.2015). The period of the agreement was 1 year (period July 2015 to August 2016) and stipulated the Company's the right to calculate and collect payment penalty on the instalment period.

Under the Convention, were compensated the receivables of the Company to be cashed from CET Govora SA with the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 detained pursuant to the Art. 17 paragraph 5 from the Order of ANRE President no. 116/I 2013 and the provisions of the Convention amounting 40.507.669.

Due to Court civil decision no.3185/27.11.2015 and to ANRE Decision no. 738 / 28.03.2014 through which was set the amount of overcompensation for 2011, CET Govora SA has not complied with its obligations under the Agreement.

Starting May 9, 2016, for CET Govora the general insolvency procedure was started. In order to recover the receivables surging before the opening of the insolvency procedure, the Company has followed specific procedures stipulated by the Law. 85/2014 - Insolvency Law and requested the court to admit the receivables under the law.

Given the aforesaid, starting on May 9, 2016, the Company suspended the application of Art. 17.5 from the ANRE President Order no. 116/2013 approving the Regulation on determining how to collect the contribution for high efficiency cogeneration and payment of bonus for electricity produced in high efficiency cogeneration and pays monthly to CET Govora the cogeneration bonus.

Other Receivables

On 30st June 2016, other receivables amounted to 130.863.394 mainly include:

- penalties for late payment calculated for the bad payers, amounting to 60.366.019 (of which the amount of 24.820.376 represents the penalties corresponding to the support draft). The biggest penalties of late fees were registered by the customers: RAAN (15.669.645) SC CET Govora (9.603.718) Eco Energy SRL (8.909.843), SC Petprod SRL (8.894.655), Arcelor Mittal Galati (3.993.435). For the penalty charges for late payment of the receivables from operating activities were recorded depreciation adjustments.
- receivables to be recovered from ANAF in the amount of 44.442.936 (see paragraph below);
- deferred expenses in the amount of 12.703.151 represented mainly by the advances on contracts concluded with the suppliers of electricity needed for covering the own technological consumption for future periods (5.432.491), a guarantee fee for the loan BEI 25710 (99.442) and commission of ING credit granting (844.422), paid dues for 2016 at national and international institutions (1.503.882), ANRE yearly contribution (1.176.856);
- Other receivables amounted to 4.395.158, of which , 4.068.422 represent guarantees for temporary occupation of the land calculated and retained in accordance with the art. 39 paragraphs (1), (2) and (5) of Law 46/2008 on the Forest Code, in order to build the investment objective LEA 400 kV Resita - Pancevo (Serbia).

Litigation with the National Agency of Fiscal Administration ("ANAF")

Transelectrica is in litigation with ANAF which issued a report for fiscal inspection on 20 September 2011 on the refund of

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

VAT for the period September 2005 - November 2006 for a total of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office from Millennium Business Center Armand Calinescu Street, no. 2-4, District 2, where the company carries out its activity), documents with special regime, and for which estimated a VAT collected in the amount of 16,303,174 plus accessories amounting to 27,195,557. The total value of these obligations is in the amount of 43.498.731. The consideration of these obligations has been retained from the VAT paid by the Company in November 2011. Subsequently, the Company has found that the amounts paid as VAT current were considered for payment of the tax audit report mentioned above. Thus, the company was forced to pay 944.423 increases related to VAT that should have been paid on November 2011 for registering no outstanding debts towards the state budget. In total, in 2011 the Company paid the amount of 44.442.936.

The company appealed to all legal means to contest the tax decision of ANAF, meaning the appeal was filed with ANAF against the tax decision and requested the suspension of the tax decision until the administrative settlement of the complaint filed with ANAF. The court rejected the request for suspension of the execution of the tax inspection report.

The Company believes that the tax base has not been reasonably determined by ANAF depending on the integral character of the Company's activity on the electricity market, which is set according to the number and value of invoices issued by the Company in the period subjected to verification. The company was considered entitled to bring an action in court because it believes that ANAF has not taken into account all relevant data and documents for estimation, as provided the Fiscal Procedure Code applicable at that time. Accordingly, the Company sued ANAF at the Court of Appeals of Bucharest in August 2012 to recover the amount and requested the evidence to be admitted documentary evidence and a proof of judicial accounting expertise.

On September 18, 2013 was prepared the audit report which was submitted to the case with the deadline of 20th September 2013. At a hearing on October 18, 2013 the parties have objected on judicial expert report which was nodded by the Court of Appeal at the deadline of 15th November 2013 and that were communicated to designated expert. At a hearing on March 7, 2014, the expert responded to the objections raised by the Company. Compared to the revenues considered by ANAF, according to which the collected VAT was estimated by ANAF in the amount of 16.303.174, the accounting expertise judicial report found the existence of unjustified income in the amount of 551.013, the sum at which the VAT would have been calculated and accessories thereof. The session was postponed in order to be informed regarding the content of the response to the objections of the expert report

At the hearing on 30th April 2014, the solution delivered by the court of first instance - Bucharest Court of Appeal, Section VIII Administrative and Fiscal Court (Decision no. 1356/2014) in case no. 6657/2/2012 was the following: "The application of the defendant CNTEE Transelectrica SA is rejected (Complaint against ANAF fiscal administrative Document)".

The company appealed by formulating request for reinstatement filed within this folder, with hearings set on 7th April 2016, the meeting held at the High Court of Cassation and Justice, Administrative and Fiscal Litigation Section. On 7th April 2016, due to the lack of procedure, it has established a new deadline for the date of 2nd June 2016 term on which the court remained in pronouncement, postponing the pronouncement to date of 16/06/2016.

At this term, the High Court of Cessation and Justice - Department of Administrative and Fiscal Litigation pronounced decision no. 1945 / 16.06.2016, by which ordered following: "Accepts the application and reopens the term for the appellant applicant to declare appeal. Rejects appeal filed by the National Electricity Transmission "Transelectrica" against decision no.1365 of 30 April 2014 of the Court of Appeal Bucharest- Section VIII of administrative and fiscal litigation, as ill-founded. Irrevocable Delivered in open court today, 16th November 2016".

To this date, the Company did not receive the decision no. 1945/16.06.2016

Advances towards Providers

On 30st June 2016, the advances paid to providers are represented by the suppliers who are debtors for services amounted to 10.179.006, of which 8.271.776 represent amounts of the transactions related to the price coupling mechanism. Application of the mechanism coupling through the price began on 19th November 2014, the date at which the project "4 Market Coupling" which provides the unification of the electricity markets DAM Square (Next Day Market) from Romania, Hungary, Czech Republic and Slovakia entered in the operating Stage. In the mechanism of coupling through the price of the markets for the next day, the power exchanges correlate based on auctions, transactions with electricity for the next day taking into account the interconnection capacity made available by the OTS through which the allocation is performed. CNTEE Transelectrica SA as the TSO, transfers electrical energy, both physical and commercial, towards the neighbour TSO (MAVIR-Hungary) and manages congestion revenues on that interconnection (art. 139 of the ANRE Order no. 82/2014), and in relation with SC OPCOM SA has the quality of Default Participant for the Day Ahead Market.

As a Transfer Agent and Participant, CNTEE Transelectrica has the trade task of paying the energy transacted energy between SC OPCOM SA and MAVIR.

Non-reimbursable Funds to be received

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

On 30 June 2016, the Company recorded grants received from the Ministry of Energy, representing the equivalent of Application no. 3 in the amount of 4,827,104 for technical upgrade of 400/110/20 kV Tulcea Vest.

Adjustments for depreciating the trade receivables, the uncertain trade receivables and for other uncertain receivables

Company policy is to record allowance for depreciation adjustments for value loss of 100% for the clients in litigation, insolvency and bankruptcy and 100% of trade receivables and other non-cashed receivables in a period exceeding 180 days, except for overdue receivables generated by the support draft. The Company also conducts an individual analysis of trade receivables and other non-cashed receivables.

The biggest adjustments for impairment on 30 June 2016, calculated for trade receivables and related penalties, were recorded for SC Petprod SRL (29,242,364) Eco Energy SRL (24,736,066) Total Electric Oltenia SA SC (14.185.577), ROMENERGY Industry (13,018,634), RAAN (8.342.030) Also Energ (7,177,167). To recover the receivables adjusted for impairment, the Company has taken the following measures: referral, enrolment in the statement of affairs etc.

On the same date, the Company has recorded a depreciation adjustment of the trade receivables amounting to 44.442.936 related to all obligations paid by ANAF.

The Company's exposure to the risk of collection and value adjustments related to trade receivables are presented in the Note 21.

6. Other financial assets

On 30st June 2016 and on 31st December 2015 the situation of other financial assets is presented as follows:

	30 June 2016	December 31, 2015
Bank deposits with a maturity more than 90 days	-	70,085,000
Total	-	70,085,000

On 30 June 2016 there are no Bank deposits with a maturity more than 90 days,

7. Cash and Cash Equivalents

On 30st June 2016 and 31st December 2015, cash and cash equivalents are presented as follows:

	30 June 2016	December 31, 2015
Current Accounts at banks and deposits, of which:	878,376,594	974,402,481
- Cash and deposits of high efficiency cogeneration	52,059,365	175,599,351
- Cash income related to the allocation of interconnection capacity used for investments in the grid	72,473,802	58,726,737
-cash from the connection price	30,805,453	35,275,358
Cash Account	74,319	48,777
Other Cash Equivalents	93,944	-
Total	878,544,857	974,451,258

The bank deposits with initial maturity smaller than 90 days, constituted of the cash available in current accounts are in total 506.252.400 30st June 2016 and 595.622.400-31st December 2015.

8. Shareholders' Equity

According to the provisions of G.E.O no. 86/2014 on the establishment of reorganization measures at central public administration level and for modifying and completion of some normative acts, on 20th February 2015 was recorded in the

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Company's shareholder Register the transfer of 43.020.309 shares from the account of the Romanian State from the administration of the General Secretariat of Government, in the account of the Romanian State in the management of the Ministry of Economy, Trade and Tourism.

Under the provisions of art. 2 of GEO no. 55/19 November 2015 on the establishment of reorganization measures at central government level and to amend certain acts, was established Ministry of Economy, Trade and Business Environment Relationship (MECRMA) by reorganizing and taking over the activities of the Ministry of Economy, Trade and tourism, which was dissolved, and by merging and structures in the field of small and medium business of the Ministry of Energy, Small and Medium Enterprise and Business Environment.

At the end of each reporting period, the subscribed and paid share capital of the Company amounted to 733.031.420 is divided into 73.303.142 ordinary shares with a nominal value of 10 lei / share and corresponds to the one registered in the Trade Register.

The shareholding structure on 30st June 2016 and 31 December 2015 is as follows:

Shareholder	30 June 2016		December 31, 2015	
	Number of shares	% of the share capital	Number of shares	% of the share capital
The Romanian State through MECRMA	43,020,309	58,69%	43,020,309	58,69%
S.I.F. Oltenia	3,764,105	5,14%	3,949,105	5,39%
Private Investors (legal and natural persons)	26,518,728	36,17%	26,333,728	35,92%
Total	73,303,142	100,00%	73,303,142	100,00%

On 29 July 2016, the stake of S.I.F. Oltenia dropped below the threshold of 5%, at 4.93%, according to the notification sent to the Company on 1-Aug-2016.

The increase in equity on June 30, 2016 compared to December 31, 2015 was driven primarily by record reported result in net profit, amounting to 141,808,713, conducted on June 30, 2016. The value of shareholders' dividends distributed from the profit of 2015 according to AGA Decision no.3 / 28.04.2016 is in the amount of 194,253,326, their payment is done through the Central Depository starting with June 28, 2016.

9. Revenues in Advance

Revenues in Advance are mainly represented by: the connection fee, other investment subsidies, European funds received from the Ministry of European Funds and incomes from the use of the interconnection capacity. The report of the Revenues in advance on 30st June 2016 is as follows:

	30 June 2016	of which: the short-term portion on 30.06.2016	December 31, 2015	of which: the short-term portion on 31.12.2015
Deferred income - allocation of interconnection capacity	2,628,935	2,628,935	2,761,069	2,761,069
Deferred income - European funds	666,731	666,731	107,045	107,045
Funds from the connection price	331,351,095	20,383,208	342,552,772	20,808,151
European Funds	113,338,559	7,017,106	117,637,561	7,032,883
Other Grants	31,981,153	2,108,626	33,071,284	2,699,096
Total	479,966,473	32,804,903	496,129,731	33,408,244

Evolution in advance short-term revenues during the first semester of 2016 is presented as follows:

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

	30 June 2016	December 31, 2015
Balance at beginning of period	33,408,244	33,069,502
Cashing in advance relating to the interconnection capacity	19,058,777	26,264,538
Proceeds from European funds	559,686	56,204
Transfer of long-term deferred income	(1,030,893)	26,371
Revenues from interconnection capacity use	(19,190,911)	(25,622,519)
Revenues from European Funds	-	(385,852)
Total	32,804,903	33,408,244

On March 4, 2016, CNEE Transelectrica SA has received notification from the Ministry of Energy on the reimbursement application status no. 3 / 18.12.2015 for technological upgrade of the 400/110/20 kV Tulcea West station, through which was notified as was approved to pay the amount of 4,827,103.54, amount cashed in on July 22, 2016.

10. Loans

• Long –Term Loans

On 30st June 2016, the value of long-term loans has diminished compared to 31st December 2015 mainly due to repayments made under the existing loan agreements.

During January-June 2016 were not made withdrawals from loans.

Movements in loans during the six months ended on 30 June 2016 are presented as follows:

	Currency	Interest Rate	Accounting Value	Due Date
Balance on 1st January 2016			797,363,789	
New Withdrawals			0	
Refunds from which:			(81,254,911)	
NIB PIL No 02/18	USD	LIBOR 6M + 0.9%	(3,455,532)	16-Apr-2018
BIRD 7181	EUR	Last communicated 0.19%	(19,837,547)	15-Jan-2020
NIB PIL No 03/5	EUR	EURIBOR 6M + 0.85%	(5,139,580)	15-Sep-2018
NIB PIL No 02/37	EUR	EURIBOR+0.9%	(2,751,313)	15-Sep-2018
KfW 10431	EUR	EURIBOR+0.6%	(4,974,009)	31-Jul-2017
KfW 11300	EUR	EURIBOR+0.6%	(7,218,116)	31-Jul-2017
JBIC	JPY	3.1%	(4,756,619)	15-Sep-2016
BRD	RON	ROBOR+1.25%	(3,300,000)	31-Aug-2016
BEI 25709	EUR	3.596%	(5,379,593)	10-Sep-2025
BEI 25710	EUR	3.856%	(5,401,062)	11-Apr-2028
ING + BRD	EUR	EURIBOR+2.75%	(19,041,540)	13-Feb-2019
Unguaranteed Bonds	RON	6.1%	-	19-Dec-2018
Differences of Exchange on the date of reimbursement			(149,965)	
Balance on 30 June 2016			715,958,913	

On 30st June 2016 and 31st December 2015 the balance of long term loans contracted from credit institutions are presented as follows:

Description	30 June 2016	31st December 2015
NIB PIL No 02/18	14,270,000	18,212,042

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Description	30 June 2016	31st 2015	December
BIRD 7181	93,841,555		113,751,751
NIB PIL No 03/5	25,995,750		31,219,050
NIB PIL No 02/37	13,916,008		16,712,138
KfW 10431	14,449,834		19,435,029
KfW 11300	16,781,189		24,012,296
JBIC	5,178,689		9,030,166
BRD	3,300,000		6,600,000
BEI 25709	103,396,944		108,923,148
BEI 25710	110,899,744		116,447,869
ING + BRD	113,929,200		133,020,300
Unguaranteed Bonds	200,000,000		200,000,000
Total long-term loans from credit institutions, of which:	715,958,913		797,363,789
Current portion of long-term loans	(151,399,419)		(162,774,045)
Total long-term loans account of current rates	564,559,494		634,589,744

The long-term portion of loans will be repaid as follows:

	30 June 2016	December 31, 2015
Between 1 and 2 years	121,455,837	133,886,282
Between 2 and 5 years	337,806,862	384,416,722
Over 5 years	105,296,795	116,286,740
Total	564,559,494	634,589,744

The company did not perform activities related to hedge its foreign currency obligations or exposure to interest rate risks.

All long-term loans, except JBIC, BEI 25709, 25710 EIB and the Bonds bear the variable interest and therefore the accounting value of long-term loans approximates their fair value.

● *Short-Term Loans*

Short term Loans are detailed as follows:

	30 June 2016	December 31, 2015
Current portion of long term loans	151,399,419	162,774,045
Interest on long-term loans	3,574,025	4,215,492
Interests related to convertible bonds	6,540,556	372,778
Total short-term loans	161,514,000	167,362,315

● *Loans contracted for the current activity*

Transelectrica has contracted a credit line in February 2016 at BRD Groupe Societe Generale SA Large Corporates Branch for a period of 12 months for financing the bonus type support scheme for high efficiency cogeneration in the form of

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

overdraft amounting to 150,000,000, with an interest calculated according to ROBOR 1M reference rate, plus a negative margin of 0.05%. If the value of the reference rate ROBOR 1M is less than 0.05%, the interest rate applied is 0.

The credit line is not used on June 30, 2016. This was guaranteed by:

- security mortgage on the account opened at the bank;
- security mortgage on receivables resulted from contracts regarding the contribution for high efficiency cogeneration concluded with Cez Vanzare S.A., E.ON Energie Romania S.A., Repower Furnizare S.R.L., Tinmar Energy S.A.

11. Trade Payables and Other Liabilities

On 30st June 2016 and 31st December 2015, trade payables and other liabilities are presented as follows:

	<u>30 June 2016</u>	<u>December 31, 2015</u>
Providers- Electricity Market	390,048,398	514,807,670
Providers of Assets	52,171,690	39,714,264
Providers of other activities	21,870,238	28,674,364
Amounts due to the employees	4,944,269	4,762,762
Other debts	186,177,994	188,208,644
Total	<u>655,212,589</u>	<u>776,167,704</u>

On 30st June 2016 and 31st December 2015, outstanding debts under the energy market in amount of 390,048,398, respectively 514,807,670 and present the following structure:

	<u>30 June 2016</u>	<u>December 31, 2015</u>
Providers of electricity market, including:		
- providers - operational activity	231,018,566	339,410,647
- providers – the support draft of bonus type for promoting the high efficiency cogeneration	159,029,832	175,397,022
Total	<u>390,048,398</u>	<u>514,807,670</u>

- Decrease of the electricity market debts related to the providers of operational activity was determined by:

- Reducing the purchase price of electricity needed to cover its own technological consumption (CPT).
- Payment in the first half of 2016 of the outstanding payment obligations on the electricity market on 31 December 2015.

Suppliers on the electricity market are represented mainly by: SC Hidroelectrica SA, Electrocentrale Bucuresti, RAAN, SC Complex Energetic Oltenia SA. On 30st June 2016, their share in total energy providers is about 76%.

- The reduction of debts related to the support draft towards the providers (producers) was determined by:

- Payment of liabilities to the providers from the support draft, both cash and by compensating through the Institute of Management and Computer (according to Government Decision no. 685/1999).

On 30 June 2016 are recorded payment obligations to suppliers (producers) in the amount of 127.941.173 (Electrocentrale Bucharest - 74,825,753, RAAN - 49,076,992, CET Govora SA - 3,368,966, Hunedoara Energy Complex - 669.462) representing cogeneration bonus and ante-overcompensation for the years 2014 and 2015 as well as bonus not allocated for 2015. The amounts representing the Company's debt related to the support scheme, to Electrocentrale Bucuresti, RAAN, CET Govora and Complex Energetic Hunedoara, were withhold according to art. 17, paragraph 5 of the Order of ANRE President no. 116/2013, because the suppliers (manufacturers) are liable for the payment obligations to the Company, according to the bonus sport scheme. Electrocentrale Bucharest requested in July 2016 compensation for assets and liabilities related to the mutual support scheme, Transelectrica agreeing with the conclusion of the compensation in the amount of 74.825.740.

The company requested to the providers (producers) who have not paid overcompensation invoices, the agreement for compensating mutual debts at their minimum level by the Institute of Management and Computer (IMI) that unitary manages all the information received from taxpayers under the provisions of GD no. 685/1999

RAAN did not agree with this method of discharging of mutual receivables and payable, which is why the company has applied and continue to apply the provisions of the art. 17 paragraph 5 of the ANRE President's Order no. 116/2013 approving the Regulation on the establishment of the collection of the contribution for high efficiency cogeneration and payment of bonus for electricity produced in high efficiency cogeneration: 'If the manufacturer did not pay the

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

administrator of the support draft of payment obligations arising under the provisions of this regulation, the administrator of the support draft pays the producer the difference between the value of the invoices issued by the manufacturer and the payment obligations of the manufacturer regarding the support scheme with explicit mention on the payment document, of that amounts' and withheld from the payment the amounts related to the due draft support.

CNTEE Transelectrica SA has signed a compensation agreement with CET Govora and for rescheduling of debts representing amounts from the value of overcompensation for the period 2011-2013 and unduly bonus for 2014 (Convention no. C 135 / 30.06.2015 and Addendum No. 1 / 04.08.2015). The period of the agreement was 1 year (period July 2015 to August 2016) and stipulated the Company's the right to calculate and collect payment penalty on the instalment period.

Under the Convention, were compensated the receivables of the Company to be cashed from CET Govora SA with the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 detained pursuant to the Art. 17 paragraph 5 from the Order of ANRE President no. 116/I 2013 and the provisions of the Convention amounting 40.507.669.

Following the suspension in court through civil sentence no. 3185 / 27.11.2015, of ANRE Decision no. 738 / 28.03.2014 which set the amount of overcompensation for the period 2011-2013, CET Govora SA has not complied with its obligations under the Convention. Starting May 9, 2016, for CET Govora the general insolvency procedure was started. Given the provisions of Law 85/2014 - Law of Insolvency, starting on May 9, 2016, the Company suspended the application of Art. 17.5 from the ANRE President Order no. 116/2013 approving the Regulation on determining how to collect the contribution for high efficiency cogeneration and payment of bonus for electricity produced in high efficiency cogeneration and paid monthly to CET Govora the cogeneration bonus.

- The increase of the balance providers of assets on 30 June 2016 compared to 31st December 2015 was due to the start of investment works.
- Debts to providers of other activities are mainly represented by the debts related to services provided by the third parties, which have not reached the due date, liabilities that recorded a decrease in comparison with 31st December 2015.
- The debts' structure recorded in "other liabilities" is as follows:

	<u>30 June 2016</u>	<u>December 31, 2015</u>
Different Creditors	171,998,484	182,582,103
Clients-creditors	8,430,006	3,014,528
Payment Dividends	3,109,555	1,387,237
Other Liabilities	2,639,949	1,224,776
Total	<u>186,177,994</u>	<u>188,208,644</u>

On 30 June 2016, the position "various creditors" in the amount of 171,998,484 represented mainly, the net position of the support scheme for high efficiency, that on June 30, 2016 recorded debt position amounted to 170.378. 150.

Net position of the support scheme is the difference between:

- the amount of contributions to be collected from the suppliers of electricity, the amount of overcompensating the activity of producing electricity and heat in high efficiency cogeneration for 2011-2013 and 2015, the undue bonus for 2014 and the undue bonus for 2015 – to be cashed from the manufacturers, according to ANRE decisions, on the one hand, and
- the cogeneration bonus amount withheld under art. 17 paragraph 5 of the Order of ANRE President no. 116/2013, the overcompensation for 2014 and not allocated bonus for 2015 - to be paid by the energy producers in high efficiency cogeneration, the beneficiaries of draft support, on the other hand.

"Customers creditors" on 30 June 2016 amount to 8,430,006, of which 7,505,596 represent amounts collected in advance from MAVIR within the transactions related to the price coupling mechanism.

On 30st June 2016, the Company's shareholders and unpaid dividends are in the amount of 3.109.555, of which 1.826.857 is related to dividends distributed from the profit of 2015. These amounts are available to the shareholders through the payment agent.

Other liabilities in the amount of 2,639,949 are mainly represented by guarantees for the proper execution of service contracts concluded by CNTEE Transelectrica SA.

12. Other Taxes and Social Insurance Obligations

On 30st June 2016 and 31st December 2015, other taxes and social insurance obligations include:

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

The revenues earned in the second quarter of 2016 and in the second quarter of 2015 are as follows:

	<u>Quarter II 2016</u>	<u>Quarter II 2015</u>
Revenues from transportation service	257,882,917	288,782,462
Income from allocation of interconnection capacity	17,937,179	27,859,640
Incomes from reactive energy	1,975,525	2,030,275
Incomes from Inter TSO Compensation (ITC)	7,863	18,027
Revenues from CPT transactions	67,574	6,227
Revenues from transportation service - total	277,871,058	318,696,631
Revenues from functional system services	14,567,895	17,401,029
Revenues from the technological system services	157,154,825	154,764,799
Incomes with unplanned changes on PZU	310,972	543,167
Revenues from the system services– total	172,033,692	172,708,995
Revenues on the balancing market	136,730,039	140,027,426
Other incomes	7,752,756	15,590,963
Total Revenues	594,387,545	647,024,015

Revenues from the transportation service and the functional system services

In the second quarter of 2016 the revenues from the transport service and functional system services registered a decrease compared to the second quarter of 2015 in the amount of 33,732,679, determined by lower average tariffs approved by ANRE for these services, starting with 01 July 2015 given that the amount of electricity delivered to consumers increased by approximately 1.6%, or 196 880 MWh.

According to ANRE Order no. 87/2015 was reduced the tariff for injection in the grid (TG) and increased the tariff for extraction from the grid (TL).

Income from allocation of interconnection capacity

The mechanism for the allocation of interconnection capacity consists in organizing annual, monthly, daily and intra-daily auctions. The annual, monthly and intra-daily are explicit - only the transport capacity is bid on and the daily ones with Hungary are implicit - are allocated simultaneously with the energy and capacity through the coupling mechanism.

Setting up, starting on 19 November 2014, the regional energy exchange by Romania, Hungary, Czech Republic and Slovakia requires that these four countries have a unique price of electricity traded on the spot markets. The allocation of capacity between Romania and Hungary, the only country of the 3 with which Romania has a border is made by the carriers: Transelectrica and MAVIR through common mechanism, based on a bilateral agreement.

The UIOSI principle was implemented Starting with 2016, according to which the participants not using capacity won on the annual and monthly tenders on the Bulgarian border, are paid (by Transelectrica) for that capacity. This will subsequently be sold in the daily auctions. On the Hungarian border the direction is reversed, meaning that MAVIR remunerates the participants for the unused capacities.

The market for allocation of interconnection capacity is variable, the prices depending on demand and the need of the participants on the energy market to purchase interconnection capacity.

In the second quarter of 2016 in the sessions of auctions, the prices on the borders with Serbia, Hungary and Bulgaria were lower compared to the second quarter of 2015, which resulted in lower revenues from the allocation of interconnection capacity with the amount of 9,922,461.

Using the net incomes from the allocation of interconnection capacity is achieved in accordance with Art. 22 para. (4) ANRE Order no. 53/2013 and art. 16 para. (6) of Regulation (EC) no. 714/2009, as a source of investment financing for modernization and development of the interconnection capacity with the neighboring systems.

Revenues from the technological system services

In Quarter II 2016 Revenues from the technological system services recorded an increase compared to the same period of 2015, amounting to 2,390,026, determined both by increasing the amount of electricity delivered to consumers by 1.6%, or 196.880 MWh, and by the average tariff increase approved by ANRE for these services with 0.3%.

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Revenues from the technological system services accomplished in Quarter II 2016 were higher compared with the amount of 13.828.330 expenditure on the purchase of ancillary services that were achieved. The profit was achieved due to favorable market conditions and good governance of the acquisition process by auctioning the necessary power reserves from the electricity producers, embodied in obtaining, on auctions, average unit prices lower than unit prices expected which were the basis for calculating the tariff for ancillary services.

Revenues on the balancing market

The revenues earned on the balancing market have declined in the second quarter of this year compared to the second quarter of the previous one in the amount of 3,297,387 determined by the decrease of the imbalances between the net contractual position notified and the energy effectively delivered. The Balancing Market is a business segment with zero profit to the Company.

Semester I 2016 compared with quarter I 2015

In the first half 2016 and first half 2015 were maintained in force the applied average tariffs in the second quarter of 2016 respectively in the second quarter of 2015.

The amount of electricity delivered to consumers in the first semester of 2016 respectively semester 2015 is as follows:

	1st half of 2016	1st half of 2015
The amount of electricity delivered to consumers (MWh)	26,472,802	26,269,823

The revenues earned in the first half of 2016 and in the first half of 2015 are as follows:

	Semester I 2016	Semester I 2015
Revenues from transportation service	551,502,507	624,455,097
Income from allocation of interconnection capacity	39,551,879	50,404,096
Revenues from reactive energy	3,857,674	4,279,723
Revenues from Inter TSO Compensation (ITC)	34,824	163,444
Revenues from CPT transactions	156,527	(36,914)
Revenues from transportation service - total	595,103,411	679,339,274
Revenues from functional system services	30,974,222	37,303,148
Revenues from the technological system services	334,581,165	331,451,283
Revenues from unplanned shifts on PZU	968,234	920,613
Revenues from the system services– total	366,523,621	369,675,044
Revenues on the balancing market	366,613,123	352,109,044
Other Revenues	21,381,130	25,023,566
Total Revenues	1,349,621,285	1,426,146,928

Revenues from the transportation service and the functional system services

In terms of increasing the amount of electricity delivered to consumers in the first semester of 2016 compared to the first semester of 2015 by about 1%, respectively 202.979 MWh, the revenues from transport service and functional system services registered a decrease by the amount of 79,281,516 determined by the decrease of the average tariffs approved by ANRE starting with July 1, 2015.

Revenues from allocating the interconnection capacity

The revenues from the allocation of interconnection capacity registered a decrease in the first half of the year compared to the same period of the previous year amounting to 10,852,217, corresponding to the level of use of the available interconnection capacity by traders on the electricity market, following the evolution registered in the second quarter of 2016.

Revenues from the technological system services

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Revenue from ancillary services recorded an increase in first half 2016 compared to first half 2015 amount to 3,129,882, determined by increasing the amount of electricity delivered to consumers by about 1%, respectively 202.979 MWh and the average tariff approved by ANRE for these services.

In the first half 2016 the revenues from the ancillary services were higher by amount of 1.607.960 compared with the expenditure on the purchase of ancillary services achieved. The profit was achieved due to favorable market conditions and good governance of the acquisition process by auctioning the necessary power reserves from the electricity producers, embodied in obtaining, on auctions, average unit prices lower than unit prices expected which were the basis for calculating the tariff for ancillary services.

This amount is reflected in the Company's gross profit recorded on June 30, 2016.

Revenues on the balancing market

Balancing market revenues recorded an increase in first half 2016 compared to first half of 2015 amounting to 14,504,079 caused by an increase of the imbalances between the notified controlled net position and energy actually delivered.

The main factors that determined the volume of selected high energy on the balancing market to cover the negative imbalance recorded at level of the suppliers of electricity are:

- Start / maintenance in running multiple groups / thermal boilers by selecting a large amount of energy to increase the power needed to balance the system, at higher prices;
- the high degree of unpredictability and volatility of production from renewable sources (mainly wind);
- over-contracting / subcontracting on the markets previous to the balancing market (given that the PREs had no significant values of the notifications in significant dis-balance) and low participation / trading on the intra-daily electricity market.

The Balancing Market is a business segment with zero profit to the Company.

15. Expenses for the operating system and from the balancing market

Expenses in the first quarter of 2016 compared to the first quarter of 2015 are as follows:

	quarter II 2016	quarter II 2015
Expenses on own technological consumption	40,690,747	43,905,759
Expenses on congestion	310,874	322,854
Expenses on electricity consumption in RET stations	7,250,017	3,337,965
Expenses regarding the functional system services	2,592,349	3,002,856
Expenses on Inter TSO Compensation (ITC)	6,780,202	5,824,000
Total Operational Expenses	57,624,189	56,393,434
Expenses regarding the technological system services	143,326,495	168,281,497
Expenses on the balancing market	136,730,039	140,027,426
Total	337,680,723	364,702,357

Expenses on own technological consumption

These represent the acquisition expenses of electricity in the free market of energy for covering its own technological consumption (CPT) in RET. Decreasing such expenses by the amount of 3,215,012 in the second quarter of 2016 compared to the same period of the last year was driven mainly by the lower volume of electricity needed to cover CPT in RET with approx. 7% (240.845 MWh in the second quarter of 2016 compared to 259.657 MWh in the second quarter of 2015).

The decrease of quantitative technological losses was due both to import / export flows more advantageous in terms of the CPT, and favourable weather conditions that caused the decrease of Corona losses and a more advantageous distribution to a favourable mix of the electricity production.

Expenses on Congestion

Congestion (network restrictions) are requests for electricity transmission beyond the technical capacity of the network, requiring corrective actions by the operator of the transmission system and occur in a situation in which, in the programming the operation or the operation in real time, the power flow between two nodes or areas of system lead to the

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

non-accomplishment of the safety parameters in the operation of a power system. The level recorded in the second quarter of this year is at a level comparable with the same period last year.

Expenses on electricity consumption in RET stations

The increase of 3,912,052 recorded in the second quarter of 2016 compared to the second quarter of 2015 was due to the temporary gap recorded on recording of expenses related to electricity consumption at the stations in the first quarter of 2016. The settlement of the consumption in stations for the first quarter of 2016 was conducted in the second quarter of 2016.

Expenses regarding the functional system services

The expenses on the functional system services represent the non-contracted international exchanges of electricity with the neighbouring countries and unplanned expenses exchange on the next day market (PZU).

The expenditure on functional system services recorded a decrease in the amount of 410.507 in the second quarter of 2016 compared to the second quarter of 2015 mainly determined by the decrease of the expenses on the balancing market on unplanned electricity exchanges (unplanned exports) due to decreasing the prices on the centralized electricity markets.

Expenses on Inter TSO Compensation (ITC)

ITC expenses, amounting to 6.780.202, represent the monthly payment obligations / rights of collection for each transmission system operator (TSO). They are established in the mechanism for compensation / settlement effects of using the electricity transmission network (RET) for transits of electricity between TSO operators in 35 countries that acceded to the mechanism of the ENTSO-E.

Expenses regarding the technological system services

The technological system services are purchased by the Company from manufacturers in order to ensure the maintenance the operational safety of SEN and of the quality of the electricity transported to the parameters required by the technical norms in force. The contracting of these services is performed:

- In a regulatory regime, based on government decisions and ANRE decisions;
- through competitive mechanisms.

According to GD no.138 / 2013 on the adoption of measures for security of electricity supply, updated, during 15 April 2013-1 July 2015, the Company purchased ancillary services in the terms of the regulations issued by ANRE, as follows:

- from SC Hunedoara Energy Complex SA at a value of electric power at least 400 MW;
- from SC Oltenia Energy Complex SA at a value of at least 600 MW of power.

According to the provisions of GD no. 941 / 29.10.2014 the deadline for application of Government Decision no. 138/2013, for SC EC Hunedoara SA, was delayed until 31 December 2017.

For the period July 1, 2015 - 30th of June 2016 the purchase of ancillary services was conducted in the regulatory regime from SC Hidroelectrica SA (ANRE Decision no. 1377 / 26.06.2015 modified by ANRE Decision no. 1423 / 01.07.2015) and SC Hunedoara Energy complex SA (ANRE Decision no. 859 / 08.04.2015).

In the second quarter of this year, the expenditure on ancillary services have decreased compared to the second quarter of 2015 amounted to 24,955,002, determined by:

- decrease of the share of ancillary services purchase in regulatory regime in total purchase of ancillary services;
- the purchase prices of ancillary services on the competitive market has been lower than regulated purchase prices;
- due to increased market competitiveness of the ancillary services, the average purchase prices for the secondary reserve and the slower tertiary reserve were lower.

CNTEE Transelectrica SA invoices the value of the technological system services purchased from producers by the electricity suppliers licensed by ANRE, which ultimately benefits from these services.

Expenses on the balancing market

The expenses on the balancing market resulting from the notifications / achievements of participants in this market being fully covered by the revenues from the balancing market. In the Second quarter of 2016 these amounted 136.730.039.

Expenses in the first semester of 2016 compared to the first semester of 2015 are as follows:

	<u>Semester I 2016</u>	<u>Semester I 2015</u>
Expenses on own technological consumption	89,501,551	94,667,276
Congestion Expenses	2,903,857	868,289

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Expenses on electricity consumption in RET stations	7,449,543	7,208,009
Expenses regarding the functional system services	7,187,966	6,251,213
Expenses on Inter TSO Compensation (ITC)	13,440,202	12,544,000
Total Operational Expenses	120,483,119	121,538,787
Expenses regarding the technological system services	332,973,205	363,583,519
Expenses on the balancing market	366,613,123	352,109,044
Total	820,069,447	837,231,350

Expenses on its Own Technological Consumption

The expenditure on own consumption (CPT) is the cost of purchase of electricity needed to maintain the voltage of the electricity transmission of the facilities and the transport of energy through the interconnected transmission network.

Compared to the first semester of 2015, these expenses recorded in the first semester of 2016 a decrease amounting 5,165,725 both due to the decrease of the average acquisition price, and the decrease of the amount of electricity needed to cover CPT in RET by about 5%, respectively from 532.277 MWh in the first semester of 2015 to 505.968 MWh in the first semester of 2016.

Expenses on Congestion

For compliance with the safety criteria in Dobrogea, were reduced in the balancing market the values notified by CEE Dobrogea, which debit into the electricity network of 110 kV in Dobrogea (less CEE Pantelimon and CEE Cerna) and in the station LEA 400 kV Tariverde.

This situation has led to congestion costs in the first semester of 2016 amounted to 2,903,857, an increase compared to the same period of last year.

Expenses regarding the functional system services

These expenses registered an increase in the amount of 938753 in semester I 2016, determined mainly by the increase of expenses on the balancing market on unplanned trade (exports) of electricity with neighbouring countries connected to the SEN.

Expenses on Inter TSO Compensation (ITC)

The monthly payment obligations / collection for each carrier and system (TSO) are set in the compensation mechanism (settlement) of the effects of using RET for transits of electricity between the TSOs in 35 countries that have joined the mechanism within ENTSO-E. In the first half of the year, these expenses were higher by 896.202 compared to the first semester of 2015.

Expenses regarding the technological system services

The expenditure for ancillary services recorded a decrease in the first half of the year with the amount of 30,610,314, following the evolution registered in the second quarter of 2016.

In the reported period, the Company purchased ancillary services in regulatory regime according to ANRE decisions and regulations in force.

In the period 1 January to 31 March 2016 were purchased ancillary services (slow tertiary reserves) in regulatory regime under GD. 1019 / 30.12.2015 which approved "The winter program in the energy field to ensure safe operation and stability of the SEN."

CNTEE Transelectrica SA invoices the value of the technological system services purchased from producers by the electricity suppliers licensed by ANRE, which ultimately benefits from these services.

Expenses on the balancing market

Expenses for the first half of the year on the balancing market has been in the amount of 366,613,123 and results from notifications / accomplishments of the participants on the market, is fully covered by revenues from the balancing market.

16. Other operating expenses

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

	quarter II 2016	quarter II 2015
Other expenses for third party services	12,908,008	12,280,893
Postal expenses and telecommunication taxes	341,959	532,950
Expenses on rents	1,841,721	1,901,148
Operating expenses related to the adjustments for depreciating the current assets	13,549,896	(4,130,799)
Other Expenses	16,629,548	19,450,221
	45,271,132	30,034,413
	Semester I 2016	Semester I 2015
Other expenses for third party services	21,641,529	21,254,352
Postal expenses and telecommunication taxes	637,852	1,043,493
Expenses on rents	3,724,362	4,215,785
Operating expenses related to the adjustments for depreciating the current assets	12,061,069	(4,685,976)
Other Expenses	24,559,282	29,238,432
	62,624,094	51,066,086

The increase of these expenses in the reporting period of the current year compared to the same in 2015 it was mainly determined by the increase of "operating expenses related to depreciation of fixed assets adjustments" (Note 21).

17. Net Financial Result

	quarter II 2016	quarter II 2015
Interest Revenues	1,418,521	5,035,227
Revenues from exchange rate differences	699,218	2,991,289
Other financial revenues	3,083,635	7,392,006
Total Financial Revenues	5,201,374	15,418,522
Expenses from exchange rate differences	(6,713,073)	(11,021,517)
Interest Expenses	(6,111,548)	(7,265,713)
Total Financial Expenses	(12,824,621)	(18,287,230)
Net Financial Result	(7,623,247)	(2,868,708)
	Semester I 2016	Semester I 2015
Interest Revenues	3,348,465	6,667,998
Revenues from exchange rate differences	11,619,197	15,831,338
Other financial revenues	3,103,568	7,592,298
Total Financial Revenues	18,071,230	30,091,634
Expenses from exchange rate differences	(11,171,691)	(16,781,501)
Interest Expenses	(12,427,555)	(15,019,843)
Total Financial Expenses	(23,599,246)	(31,801,344)
Net Financial Result	(5,528,016)	(1,709,710)

The net financial result was negatively influenced by decreasing the dividends received from the subsidiaries TELETRANS and OPCOM and increase of the net spending on interests (from 8,351,845 lei in the first half of 2015 to 9.079.090 in first half of 2016).

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

The exchange rates of the national currency recorded on 30 June 2016 and 30 June 2015 are as follows:

Currency	30 June 2016	30 June 2015
Lei / Euro	4.5210	4.4735
Lei / US Dollar	4.0624	3.9969
Lei / Japanese Yen	0.0395	0.0326

18. Flows related to investment activities

Within the investment activity, in the first Semester of 2016 was collected the amount of 29.581.392, representing the unused advance payment for the section of the new line Portile de Fier – Anina from the investment objective of the ‘Transition to the 400kV voltage of the axis Portile de Fier - Resita - Timisoara - Salacaz - Arad / LEA 400kV Portile de Fier - (Anina) - Resita until the issuance of the Government Decision approving the technical-economic indicators and the start of the procedure of expropriation of the private properties real estates.

19. Contingencies

Litigations

The management regularly analyses the pending litigation, and after consulting with its legal representatives decide the need to create provisions for the amounts involved or of their presentation in the financial reports.

Taking into account the existing information, the Company’s Management believes that there are significant ongoing litigations in which the Company has the quality of defendant, except for the following disputes:

- Pending with the Mehedinti Court - Civil Division II, Administrative and Fiscal Court was recorded the file no. 3616/101/2014, involving the ‘claims in the amount of 1.090.831,70’, a file in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities - RAAN.

The amount requested for payment represents calculated penalties by RAAN for the bonus due on the support scheme and withheld from payment by the Company in its capacity as Administrator of the support scheme which applied the provisions of art. 17 para. 5 of ANRE’s Order no.116 / 2013 (see Note 8).

Against the decision nr.843 / 11.05.2015 of the Court of Appeal Craiova - Section II Civil in a public meeting dated 05.11.2015, in case no. 3616/101/2014, against the decision no.127 / 2014 of the Mehedinti Court- Section II Civil, Administrative and Fiscal litigation in a public meeting dated 10.10.2014, in case no. 3616/101/2014, and against the decision No.1 / 2015 of the Mehedinti Court - Section II Civil, Administrative and Fiscal litigation in a public meeting dated 09.01.2015, in case no. 3616/101/2014, CNTEE Transelectrica SA filed an appeal asking the court, that through its ruling, to allow the appeal as it was filed, and quashing the judgment and decision under appeal and refer the case to the trial court in the territorial jurisdiction for ruling, having met the requirements of art. 1616-1617 Civil Code, which is why is required to be held as compensation of mutual debts, and their extinction up to the amount of the smallest of them, namely the total amount requested by the applicant in the application for summons, ordering the respondent - applicant to pay the expenses made with this appeal. The appeal was registered before the High Court of Cassation and Justice, with hearings on 24th May 2016.

In the period 2014-2015, the Company has retained at the payment the due bonus to RAAN on the support draft pursuant to the provisions of ANRE regulations, namely the article 17, paragraph 5 of ANRE President’s Order no.116 / 2013.

In these conditions, RAAN calculated penalties for late payment of due cogeneration bonus in the amount of 3.496.914 withheld from the payment by the Company in the account of non-cashed receivables. The amount of 3.496.914 was refused for payment by the Company and was not registered as a liability in the support draft.

- Pending with the Mehedinti Court - Civil Division II, Administrative and Fiscal Court was recorded the file no. 9089/101/2013, involving the ‘claims in the amount of 2013’, a file in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities - RAAN. – debtor in insolvency.

Through the decision no. 63/2016, the court ordered the defendant to continue the service of electricity and system services necessary transport for continuing the activity throughout the judicial reorganization of the RAAN.

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Against that decision, Transelectrica appealed.

On 10/05/2016, Craiova Court of Appeal delivered its decision no. 457 / 10.05.2016, which ordered the following: "dismissed the exception of the tardiness of the appeal. Dismisses the appeal as ill-founded. Final.

Also, hearing an appeal declared by RAAN against the decision of opening the bankruptcy procedure, subject of case no. 9089/101/2013 / a137, before the Court of Appeal Craiova was postponed to date 31/05/2016, on taking the case in delivery.

Through the Decision no. 563 / 06.14.2016, Craiova Court of Appeal - Civil Division II rejected the appeals lodged against interim decision no. 10 / 28.01.2016, delivered by the Mehedinti Court - Section II Civil, Administrative and Fiscal litigation.

- Pending with the Mehedinti Court - Civil Division II, Administrative and Fiscal Court was recorded the file no. 1284/101/2015, involving the 'claims in the amount of 11.637.439,66 lei', a case in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities - RAAN.

By application for summons filed by the applicant, they ask Transelectrica SA to pay the amount of 11,637,439.66 lei.

On 05/22/2015, Mehedinti Court - Section II of the Civil, Administrative and Fiscal litigation pronounced the sentence no. 41/2015, ordering the following: "admitted the exception for lacking territorial jurisdiction. Declines jurisdiction in favour of Bucharest Court Civil Division VI. Without remedy.

RAAN applicant filed a request to amend the percentage of the pretended right, seeking the amount of 17,805,680.17 lei from Transelectrica SA.

Bucharest Court stayed the pronouncement on 16/10/2015, postponing the pronouncement on 30.10.2015, and on 02.11.2015, and on 03.11.2015.

On 03.11.2015, the Bucharest Court delivered the judgment no. 6075 / 2015 , ordering the following: "Upholds the application as completed. Orders the respondent to pay the applicant the sum of 17,805,680.17 lei, representing equivalent value of the bonus and penalties. Dismisses the application for costs made by the applicant as ill-founded. With appeal within 30 days of communication. Appeal is lodged at the Bucharest Court - Division VI Civil.

The ruling was communicated on 04.07.2016 under registration entry stamp of the correspondence with Transelectrica SA.

The ruling was appealed, which will be settled by the Court of Appeal.

- Pending Bucharest Court - Civil Division VI was recorded the case no 26024/3/2015, involving the 'claims in the amount of 26024', a file in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities - RAAN.

By application for summons filed by the applicant, they ask Transelectrica SA to pay the amount of 10.274.679,11 lei.

The court stayed the pronouncement on 13/06/2016, postponing the pronouncement on 27/06/2016, when, by conclusion of the meeting, ordered the reinstatement of the case pending in order to discuss the administration of additional evidence to establish mutual debts and clearing relied on by the defendant, to date, setting the next hearing on 19/09/2016.

- Pending Bucharest Court - Civil Division VI was recorded the case no 3694/3/2016, involving the 'claims in the amount of 26024', a file in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities - RAAN.

By application for summons filed by the applicant, they ask Transelectrica SA to pay the amount of 15.698.721,80 lei.

The court stayed the pronouncement on 06/09/2016, postponing the pronouncement on 23/06/2016 and 30/06/2016 then, when, by conclusion of the meeting, ordered the reinstatement pending case, considering the need for new explanations from the parties, setting the next hearing on 17/08/2016.

- Pending with the Mehedinti Court - Civil Division II, Administrative and Fiscal Court was recorded the file no. 9089/101/2013, involving the 'claims in the amount of 86.513.430,67 lei', a case in which the Company is the defendant, the plaintiff being the Autonomous Authority for Nuclear Activities - RAAN.

By application for summons filed by Transelectrica SA asked the plaintiff RAAN to pay the amount of 86.513.430,67 lei.

On 192.05.2016 Mehedinti Court - Section II Civil, Administrative and Fiscal litigation pronounced a conclusion of the meeting, which ordered the following: "Based on art. 413 pt. 1 Code of Civil Procedure Suspends the proceedings pending resolution of case no. 3014/2/2014 before the High Court of Cassation and Justice. With appeal on all the duration of the suspension. pronounced today, May 19, 2016 in open court. "

- We mention the fact that, through the conclusion dated 18/9/2013, pronounced by the Mehedinti Court in case no. 9089/101/2013, has been ordered the opening of General insolvency proceedings against the debtor Autonomous Administration for Nuclear Activities R.A. (R.A.A.N.)

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Through the decision no. 387 / 20.03.2014, Mehedinti Court confirmed the reorganization plan of the debtor Autonomous Administration for Nuclear Activities, proposed by the receiver Tudor & Partners SPRL and voted on by the General Assembly of Creditors according to the minutes of 28.02.2014.

By interim decision no. 10 / 28.01.2016, delivered by the Mehedinti Court - Section II Civil, Administrative and Fiscal litigation, the bankruptcy judge ordered the commencement of the bankruptcy procedure for the debtor under Art. 107 par. 1 letter C Law. 85/2006, and the dissolution of the debtor and cancellation of the debtor's right to administer.

By Decision no. 563 / 14.06.2016, Craiova Court of Appeal - Civil Division II rejected the appeals lodged against interim decision no. 10 / 28.01.2016, delivered by the Mehedinti Court- Section II Civil, Administrative and Fiscal litigation.

By the Court conclusion of 30/06/2016, Mehedinti Court - Civil Division II, Administrative and Fiscal litigation set new procedural deadlines as follows: "Set deadline for submission of claims arising in the proceedings to 13/08/2016. Sets the deadline for the verification of claims arising during the procedure, preparation, display and communication of additional receivables table on 29/09/2016. Sets the deadline for filing complaints to claims arising in the proceedings on 9 October 2016 and for resolving complaints to claims arising in the proceedings to October 20, 2016. Sets the deadline for the preparation and display of the consolidated final table at 10/11/2016. "

Together with the declaration of claim in the bankruptcy proceedings of RAAN, Transelectrica SA may invoke Art. 52 of Law no. 85/2006, applicable to bankruptcy proceedings for RAAN, provisions taken from art. 90 of Law no. 85/2014 concerning the creditor's right to invoke his claim compensation with the debtor, when the law provisions on compensation in legal proceedings are completed on opening date.

- On 4th March 2014, the European Commission issued a communication stating that it has imposed a fine of 1.031.000 EUR to the subsidiary of SC OPCOM S.A. for the abuse of dominant position on the Romanian market to facilitate trading of electricity on the spot market, in breach of EU antitrust rules. The company was included in the process as parent company to the subsidiary SC OPCOM S.A., being jointly responsible for paying the fine.

The Annual General Meeting of Shareholders of the Branch OPCOM decided in its meeting on 10th June 2014, the full payment of the fine amounted to 1.031.000 EUR applied by the General Directorate for Competition - European Commission for violating the Article 102 of the Treaty on the Functioning of the Union European, according to the Decision in the antitrust case AT 39984. The subsidiary SC OPCOM SA has paid in full the fine set by the European Commission.

On 24th November 2014, the Branch SC OPCOM SA, sued CNTEE Transelectrica SA for the purpose of forcing it to pay the amount of 582.086,31 EUR (2.585.161,72 lei at BNR (National Romanian Bank) on 24th November 2014) representing the amount paid by it with the title of fine, of the total fine of 1.031.000 EUR.

Also, the Branch SC OPCOM SA asked the court that the Company should pay EUR 84.867,67 lei with an interest title for the period 11th June 2014 – 24th November 2014, plus court costs in the amount of 37.828,08.

The action filed by subsidiary OPCOM, is subject to case no.40814/3/2014, before the Court of Bucharest, Civil Section VI C, having as object the claims, the litigation matters with professionals. CNTEE Transelectrica SA filed the application for summons in this cause, citing the exceptions and defenses on the background on illegality and groundlessness of the action.

On 24.07.2015, the Bucharest Court gave the judgment no. 4275 / 2015 , ordering the following: Solution: Admits the application of summons lodged by the complainant Electricity and Gas Market Operator - OPCOM S.A. in contradiction with the respondent National Company for Transport of Electric Energy Transelectrica S.A. It orders to the defendant to pay the plaintiff the sum of 582.086,31 Euros, representing the sum paid by the plaintiff instead of the defendant in the amount of 1.031.000 euro applied by Decision of The European Commission on 5th March 2014 in the case AT.39984, and of the statutory rate, on the amount of 582.086,31 Euros, calculated from 11th June 2014 until the date of the actual payment. It orders the defendant to pay to the plaintiff the sum of 37.828,08, with the title of trial expenses. With right to appeal within 30 days from notice. The appeal is submitted to the Bucharest Court - Civil Division VI.

Against decision no. 4275/2015, pronounced in the aforementioned file, Transelectrica SA formulated an appeal, which was registered before Bucharest Court of Appeal. Hearings: 10.10.2016.

The company recorded in 2014 a provision amounting to 2.670.029 for the dispute with branch SC OPCOM SA.

- In 2013, Conaid Company SRL sued CNTEE Transelectrica for the unjustified refusal thereof to sign an addendum to the contract for connection or a new connection contract and requested compensation for costs incurred up to that time amounted to 17.419.508 lei and unrealized gains for the period 2013-2033 amounting to EUR 722.756.000. So far, the Company didn't conclude an addendum to the contract for connection because suspensive conditions included in the contract have not been met by Conaid Company SRL. A new connection contract would have concluded up on 11st March 2014, the date on which the technical connection permit has expired. On these financial statements, the amounts claimed by Conaid Company SRL were regarded as contingent liabilities as it is unlikely to settle this obligation, there will be

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

necessary outflows of resources embodying economic benefits and the value of obligation cannot be evaluated with sufficient reliability. 5302/2/2013 was pending High Court of Cassation and Justice, the Administrative and Fiscal Litigation Section, with the object obligation of issuing an administrative document, the procedural stage – appeal, the court deadline being 12th September 2015. On this deadline the High Court of Cassation and Justice admitted in principle the appeals and fixed the hearing, in substance, of the appeals on 8th April 2016, Complet 4, summoning the parties. The case trial was postponed for the date of 17th June 2016. when the court stayed in pronouncement, postponing the pronouncement on 29/06/2016 when it pronounced Decision. 2148/2016, by which ordered the following: "Rejects the exceptions relied on by the appellant - applicant S.C. Conaid Company LLC, by RVA Insolvency Specialists SPRL insolvency administrator and appellant-defendant National Company for Energy Transportation Transelectrica S.A. Admitted the appeal filed by the defendant National Company for Energy Transportation Transelectrica S.A.. against the conclusion of the meeting of 18 February 2014 and the civil sentence no. 1866 of 11 June 2014 delivered by the Court of Appeal - Section VIII of administrative and fiscal litigation. Quashes the contested conclusion and judgment in part and refer the case to the Bucharest Tribunal - Section VI civil for settlement of the application of the defendant sought in contradiction with National Company for Energy Transportation Transelectrica S.A. Maintains the other provisions of the judgment concerning the applicant's action against the National Regulatory Authority for Energy. Dismisses the appeals of the applicant SC Conaid Company LLC, through RVA Insolvency Specialists SPRL insolvency administrator and the intervener S.C. Duro Felguera S.A. against the civil decision no. 1866 of 11 June 2014 of the Bucharest Court of Appeal - Section VIII of administrative and fiscal litigation. Dismisses the appeal filed by the defendant National Company for Energy Transportation Transelectrica S.A. against the conclusion of the meeting of 25 March 2014 handed down by the Bucharest Court of Appeal - Section VIII of administrative and fiscal litigation. Final. Delivered in open court today, 29th June 2016'.

- The company is engaged in significant litigation as applicant, especially for debt recovery (eg. Eco Energy, Petprod SRL, Total Electric Oltenia, Arcelormittal, Romenergy Industry SRL). The company recorded adjustments for valuable losses for the customers and other receivables in litigation and for the customers in bankruptcy. The Company also acts as plaintiff in a dispute with ANAF as shown in Note 5.

The management of the Company considers it is likely that there will be no cases in which an outflow of resources will be required for settling the pending litigation. In addition, there are no other pending litigations which, either by their nature or by their value which make necessary the presentation of some significant contingent assets or liabilities for the activity of the Company.

20. Affiliated Parties

i) Transactions with Subsidiaries of the Company

Entity	Country of Origin	30 June 2016 % of shares	December 31, 2015 % of shares
SMART SA *)	Romania	70	70
TELETRANS SA	Romania	100	100
ICEMENERG SA**)	Romania	-	-
OPCOM SA ***)	Romania	100	100
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA	Romania	100	100

*) There is currently a dispute - case no. 32675/3/2015 - annulment of Resolution of the Designated Person No. 154 954 / 30.12.2014, pronounced in case no. 449314 / 23.12.2014, under which the Trade Register attached to the Bucharest Tribunal has registered the capital increase of subsidiary SC Smart SA with contribution in kind and amended the articles of association according to Decision no. 12375 / 22.12.2014 of the President of the Board of Directors of the subsidiary and Board Decision no. 19 / 22.12.2014. The Company also requested the competent court the annulment of the two decisions mentioned above and the suspension of the applicability of provisions whose annulment is required until the resolution of the promoted action.

In case no.32675 / 3/2015, the Bucharest Court – Civil Section VI pronounced a civil sentence no. 6468 / 16th November 2015, through which ordered the following: 'Admits the exception of inadmissibility. 'Admits the exception of inadmissibility. Dismisses the lawsuit filed by Transelectrica plaintiff in contradiction with the defendants for maintenance service for electricity transmission network SMART SA, the Romanian State and ONRC, as inadmissible. With right to appeal within 30 days from notice. The appeal is submitted to the Bucharest Court Civil Division VI. Delivered in open

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

court today, 16th November 2015'. CNTEE "TRANSELECTRICA" SA lodged an appeal, which was registered before the Court of Appeal, the case is settled in court deadline of 23 May 2016 when the Court of Appeal pronounced the civil decision no. 903 / 23.05.2016, which ordered the following: "Dismisses the appeal as ill-founded. Admits the application for referral to the Constitutional Court. Pursuant to art. 29 para. 4 of Law no. 47/1992, notifies the Constitutional Court to resolve the objection of unconstitutionality of art. 114 par. 3 of Law no. 31/1990 related to the provisions of art. 16, art. 21 and art. 44 of the Constitution, exception invoked by the defendant. Final".

***) On 7th April 2014 it was accepted by the National Trade Register, the file registration number 121452 / 3rd April 2014 involving the deregistration of the Subsidiary Institute for Energy Research and Modernization - ICEMENERG SA Bucharest. Through the order no. 123 / 13th March 2014 (act of registration and authorization of functioning), was registered at the Trade Register the 'National Institute of Research and Development for Energy Bucharest" (GD no. 925 / 2010). The company filed a complaint against the resolution of ORC director ordering the registration in the trade register of the deregistration of the Subsidiary ICEMENERG SA Bucharest.

Bucharest Court Section VI Civil through sentence no. 3569 / 14.07.2014 pronounced in case no. 15483/3/2014, in which the company was in contradiction with the defendants Branch Institute for Energy Research and Modernization "Icemenerg" S.A. Bucharest and the National Institute of Research and Development for Energy-Icemenerg Bucharest rejected the complaint of the Company, motivated by the fact that GD. 925/2010 was not abolished until the cancellation from the Trade Register. The Court of Appeal has notified on 24th February 2015 the solution pronounced in the file no. 15483/3/2014 and namely Decision no. 173/2015, which dismissed the appeal of CNTEE Transelectrica SA as unfounded, the decision being final.

Against the Decision no. 173/2015, pronounced by Bucharest Court of Appeal, Transelectrica SA filed an appeal for annulment, which makes the object of the file no. 1088 / 2/2015 before the Court of Appeal - Civil Division VI, with hearings on 13th May 2015. On 13.05.2015, by Decision no. 777/2015, the Court of Appeal dismissed the appeal for annulment as ill- founded, the decision is final.

In its meeting on 30.08.2016 subject to AGEA approval will be the capital decrease of CNTEE Transelectrica SA with the amount of 1.084.610 lei, representing the share capital subscribed and paid of the ICEMENERG SA Bucuresti subsidiary by decreasing the participation of the Romanian State in the share capital of CNTEE Transelectrica SA, in application of Article 1. (7) of GD. 925/2010.

***the Extraordinary General Meeting of Shareholders of the subsidiary OPCOM SA approved by Resolution no. 6 / 15.06.2016, the share capital increase for OPCOM SA in the amount of 22.587.300 lei, by contribution in kind of the shareholder Transelectrica SA.)

Contribution in kind is represented by intangible assets, namely "commercial stock market for electricity exchange OPCOM" and "regional stock market for electricity exchange OPCOM" financed from own sources of the Company and BIRD funds, rated according to the evaluation report no. 786 / 03.15.2016 issued by JPA Audit & Consultanta SRL.

Registration of the amendment of the articles of incorporation of OPCOM SA, based on AGEA Resolution no. 6 / 15.06.2016 was performed by the Trade Register according to the mention registration certificate dated 11.07.2016.

The total value of the Company's participants in its subsidiaries is in the amount of 57.027.900 on 30th June 2016 and of 57.027.900 on 31st December 2015. Balances with subsidiaries owned by the Company is as follows:

AFFILIATED ENTITY	Trade Payables		Trade Payables	
	30 June 2016	December 31, 2015	30 June 2016	December 31, 2015
SC SMART SA	245,473	329,312	17,459,579	6,793,767
SC TELETRANS SA	1,986,099	375,248	2,870,981	7,426,123
SC ICEMENERG SA	0	-	0	-
SC FORMENERG SA	0	-	0	3,959
SC OPCOM SA	5,104,393	1,520,332	4,526,442	804,549
SC ICEMENERG SERVICE SA	92,231	92,231	0	-
TOTAL	7,428,196	2,317,123	24,857,002	15,028,398

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

Transactions in the Company's subsidiaries in the reporting period are detailed as follows:

AFFILIATED ENTITY	Sales			
	quarter II 2016	quarter II 2015	Semester I 2016	Semester I 2015
SC SMART SA	163,109	190,194	507,248	355,968
SC TELETRANS SA	2,145,531	5,354,064	2,356,101	5,585,796
SC ICEMENERG SA	0	0	0	0
SC FORMENERG SA	0	0	0	0
SC OPCOM SA	73,569,967	118,672,140	182,593,044	271,872,876
SC ICEMENERG SERVICE SA	0	0	0	0
TOTAL	75,878,607	124,216,398	185,456,393	277,814,640

AFFILIATED ENTITY	Purchases			
	quarter II 2016	quarter II 2015	Semester I 2016	Semester I 2015
SC SMART SA	20,228,117	20,749,609	36,756,412	41,200,687
SC TELETRANS SA	7,200,089	4,804,313	11,850,156	14,815,062
SC ICEMENERG SA	0	0	440	0
SC FORMENERG SA	5,169	71,741	85,940	118,947
SC OPCOM SA	27,647,707	11,761,745	53,341,185	35,591,126
SC ICEMENERG SERVICE SA	0	1,580	0	1,580
TOTAL	55,081,082	37,388,988	102,034,133	91,727,402

 ii) *Remuneration of Company's Management*

The wages paid to the management for services rendered mainly consist of the base salary and also benefits upon termination of the labour contract and post-employment. These are detailed as follows:

	quarter II 2016	quarter II 2015	Semester I 2016	Semester I 2015
Short-Term Benefits	2,468,494	2,475,460	4,931,326	4,759,277
Other long-term benefits	23,367	27,742	70,470	44,939
Total	2,491,861	2,503,202	5,001,796	4,804,216

21. Credit Risk

The credit risk is the risk in which the Company bears a financial loss following the non-fulfilment of contractual obligations by a customer or counterparty to a financial instrument. This risk results mainly from trade receivables and the cash and cash equivalents.

The treatment of counterparty risk is based on internal and external factors of success of the Company. The external factors of success - which have an effect on reducing the risk systematically are: decentralizing the energy sector in which the production, transmission, distribution and supply are separate activities and the customer interface is represented by the supplier, the electricity trading market in Romania on two market segments: the regulated and the competitive market. The internal factors of success in the treatment of counter-party risk include: diversifying the client portfolio and diversify the number of services on the electricity market.

Financial assets that may submit the Company to the risk of cashing are mainly the trade receivables and the cash and cash

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

equivalents. The company has put in practice a series of policies that ensure that the sale of services is performed towards the customers with an appropriate collection by including in their commercial contracts of their obligation to provide financial guarantees. The net value of receivables, of the adjustments for value losses, represents the maximum amount exposed at the risk of cashing.

The maximum exposure to the risk of cashing at the reporting date was:

	30 June 2016	December 31, 2015
Financial Assets		
Net Trade Receivables	679,798,426	596,310,217
Other Net Receivables	60,971,940	127,137,324
Total	740,770,366	723,447,541

The status of the seniority of receivables on drafting the report of the financial position is presented below:

	Gross Value 30 June 2016	Adjustment of depreciation 30 June 2016	Gross Value December 31, 2015	Adjustment of depreciation December 31, 2015
Unreached on the due date	497,555,420	5,839,471	493,063,746	1,147,819
Exceeded Due Date between 1 – 30 days	11,444,189	1,030,833	6,530,607	113,324
Exceeded Due Date between 31 – 90 days	102,679,793	3,526,890	1,608,587	266,257
Exceeded Due Date between 90 – 180 days	4,614,960	1,840,428	11,072,875	10,211,818
Exceeded Due Date between 180 – 270 days	3,325,957	1,361,947	15,399,044	1,421,579
Exceeded Due Date between 270 – 365 days	11,139,042	10,273,670	6,880,773	2,383,145
More than a year	148,256,512	75,344,208	149,741,082	72,442,556
Total	779,015,873	99,217,447	684,296,715	87,986,497

The status of the seniority of 'other receivables' on drafting the report of the financial position is presented below:

	Gross Value 30 June 2016	Adjustment of depreciation 30 June 2016	Gross Value December 31, 2015	Adjustment of depreciation December 31, 2015
Unreached on the due date	66,065,290	47,674,744	109,251,224	3,826,053
Exceeded Due Date between 1 – 30 days	3,965,526	235,097	6,430,436	396,081
Exceeded Due Date between 31 – 90 days	459,470	9,841	1,270,335	-
Exceeded Due Date between 90 – 180 days	3,177,239	483,985	2,424,895	18,666
Exceeded Due Date between 180 – 270 days	8,756,690	1,936,837	4,608,277	2,504,276
Exceeded Due Date between 270 – 365 days	2,411,143	311,505	5,796,415	144,524
More than a year	46,028,036	32,245,555	81,515,502	77,270,160
Total	130,863,394	84,897,564	211,297,084	84,159,760

On 30st June 2016, the highest adjustments of depreciation were recorded for SC Petprod SRL (29,242,364), Eco Energy SRL (24,736,066), SC Total Electric Oltenia SA (14.185.577), Romenergy Industry (13,018,634), RAAN (8,342,030) Also Energ (7,177,167). The company is in litigation with these clients, being registered at the statement of affairs for those who are insolvent.

CNTEE "TRANSELECTRICA" SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

The evolution of depreciation adjustments for 'other receivables' is presented as follows:

	<u>30 June 2016</u>	<u>December 31, 2015</u>
Balance on 1st January	87,986,497	87,246,448
Recognition of impairment adjustments	13,381,109	22,802,474
Reversal of impairment adjustments	(2,150,159)	(22,062,425)
Balance at the end of the period	99,217,447	87,986,497

The evolution of depreciation adjustments for 'other receivables' is presented as follows:

	<u>30 June 2016</u>	<u>December 31, 2015</u>
Balance on 1st January	84,159,760	80,972,239
Recognition of impairment adjustments	1,462,209	7,059,855
Reversal of impairment adjustments	(724,403)	(3,872,334)
Balance at the end of the period	84,897,566	84,159,760

Financial assets that may submit the Company to the risk of cashing are mainly the trade receivables and the cash and cash equivalents. The company has put in practice a series of policies that ensure that the sale of services is performed towards the customers with an appropriate collection by including in their commercial contracts of their obligation to provide financial guarantees. The net value of receivables, of the adjustments for value losses, represents the maximum amount exposed at the risk of cashing. The risk of cashing from such receivables is limited, as these amounts are mainly owed by the state-owned companies.

The cash is placed in financial institutions, which are considered as having minimal risk. The deposits are placed with BCR, BRD – Groupe Societe Generale, Alpha Bank, Garanti Bank, Banca Transilvania and Exim Bank

22. Subsequent Events

Order no. 27 of June 22, 2016 approving the average tariff for the transport service, the tariff for service system of regional tariffs for the transport service and the regulated price for reactive electricity charged by the National Electricity Transmission Company "Transelectrica" - SA

By the Order no. 27/2016, ANRE approved average the tariff for the transmission service, system service tariff, tariffs related to the regional transport service listed in the Annex which is an integral part of the Order no. 27/2016 and the regulated price for reactive electricity 0.05 lei / kVArh practiced by the National Company for Electricity Transmission "Transelectrica" - S.A. with effect from 1 July 2016.

ANRE Order no. 33/19 July 2016 to complete the order of the President of the National Regulatory Authority for Energy no. 27/2016 approving the average tariff for the transport service, the tariff for the service system, the regional tariffs for the transport service and the regulated price for reactive electricity charged by the National Company for Electricity Transmission "Transelectrica" - S.A.

ANRE Order no. 33/2016 provides that, for electricity to be delivered after the effective date of this order, the tariffs related to the regional transport service for the introduction of electricity to the grid [T (G)] in Table 2 of the Annex also apply for the sale / purchase of electricity on centralized markets operated by the Company for Electricity Market and Natural Gas Operator "OPCOM" - SA until the effective date of this order.

Increase in capital of the subsidiary OPCOM by contribution in kind of CNTEE Transelectrica SA

By mention registration certificate issued by the National Trade Registry Office on 11/07/2016 was registered amendment of the articles of incorporation of OPCOM SA according to AGA Resolution no. 6 / 15.06.2016 approved the capital increase with the amount of 22.587.300 lei OPCOM, by contribution in kind of the shareholder CNTEE Transelectrica SA. Contribution in kind of CNTEE Transelectrica SA in the share capital of OPCOM SA is represented by the transfer of intangible assets "commercial electricity stock market OPCOM" and "regional electricity stock market OPCOM", funded by

CNTEE “TRANSELECTRICA” SA

Notes to the separate interim financial statements on June 30, 2016

(All amounts are expressed in RON, unless otherwise indicated)

own resources by the Company and BIRD funds.

According to the updated Articles of Incorporation OPCOM SA's share capital, fully subscribed and paid by CNTEE Transelectrica SA, as sole shareholder, is 30.687.300 lei, divided into 3,068,730 registered shares, each share having a nominal value 10 lei.