

S.C. ELECTRICA S.A.

Condensed Consolidated Interim Financial Statements

30 June 2014

SC ELECTRICA SA**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2014**

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SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014
(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	30 June 2014 (unaudited)	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment		5,967,937	5,932,771
Intangible assets		54,053	58,913
Deferred tax assets		71,833	85,361
Other non-current assets		5,205	1,118
Total non-current assets		6,099,028	6,078,163
Current assets			
Trade receivables	9	743,388	1,087,545
Receivables from public offering of shares	12	1,943,015	-
Other receivables		19,899	62,987
Restricted cash	5	129,902	-
Cash and cash equivalents	10	1,006,385	650,835
Inventories		28,358	33,809
Prepayments		12,309	6,378
Income tax receivable		19,660	36,510
Assets held for distribution	5	-	2,243,494
Total current assets		3,902,916	4,121,558
Total assets		10,001,944	10,199,721
EQUITY AND LIABILITIES			
Equity			
Share capital	11	2,042,355	2,509,413
Prepaid share reserve	12	1,943,015	-
Additional contributions from shareholders		-	47,657
Revaluation reserve	5	666,323	1,080,704
Other reserves	5	204,295	612,490
Retained earnings	5	804,186	1,597,810
Total equity attributable to the owners of the Company		5,660,174	5,848,074
Non-controlling interests		809,865	811,296
Total equity		6,470,039	6,659,370

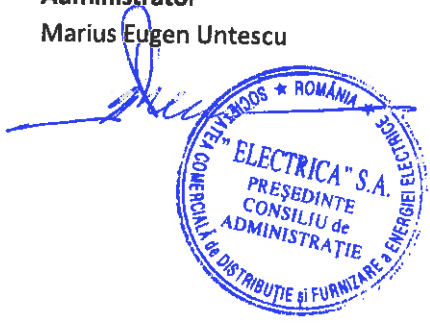
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SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014
(All amounts are in THOUSAND RON, if not otherwise stated)

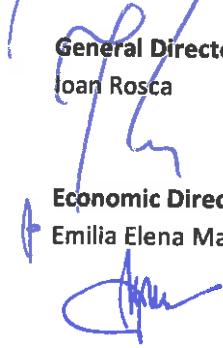
	Note	30 June 2014 (unaudited)	31 December 2013
Liabilities			
Non-current liabilities			
Finance lease		41	290
Financing of property, plant and equipment		108,253	129,827
Deferred revenue		1,444,885	1,421,596
Deferred tax liabilities		254,565	255,968
Employee benefits		213,188	213,187
Other payables		58,381	66,376
Total non-current liabilities		2,079,313	2,087,244
Current liabilities			
Bank overdrafts		25,808	79,684
Finance lease		493	498
Financing of property, plant and equipment		122,300	142,584
Trade payables		472,389	627,619
Other payables	5	460,924	261,390
Current income tax liability		15,956	15,183
Deferred revenue		102,701	89,223
Employee benefits		171,669	152,191
Provisions		80,352	84,735
Total current liabilities		1,452,592	1,453,107
Total liabilities		3,531,905	3,540,351
Total equity and liabilities			
		10,001,944	10,199,721

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

Administrator
Marius Eugen Untescu



General Director
Ioan Rosca



Economic Director
Emilia Elena Marin

SC ELECTRICA SA
CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
 (All amounts are in THOUSAND RON, except per share data)

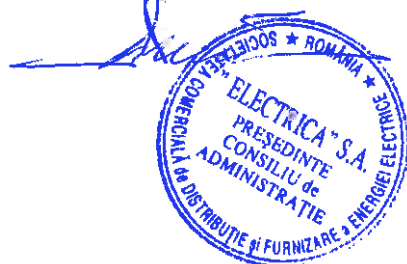
	Note	Six month period ended	
		30 June 2014 (unaudited)	30 June 2013 (unaudited)
Revenues	6	2,307,288	2,618,141
Other income		73,940	71,297
Electricity purchased	6	(1,134,363)	(1,454,402)
Green certificates		(149,799)	(207,399)
Salaries and other employee benefits		(369,848)	(359,366)
Repairs, maintenance and materials		(47,817)	(55,474)
Depreciation and amortization		(212,262)	(198,260)
Reversal of impairment of property, plant and equipment, net		371	480
Reversal of impairment of trade and other receivables, net		8,651	32,157
Other operating expenses		(222,007)	(224,364)
Operating profit		254,154	222,810
Finance income		13,864	13,026
Finance costs		(11,598)	(14,925)
Net finance income/(cost)		2,266	(1,899)
Share of profit or loss of equity-accounted investees, net of tax	5	-	31,480
Profit before tax		256,420	252,391
Income tax expense	8	(59,279)	(43,232)
Profit for the period		197,141	209,159
Profit for the period attributable to:			
- owners of the Company		131,322	161,542
- non-controlling interests		65,819	47,617
Profit for the period		197,141	209,159
Earnings per share			
Basic and diluted earnings per share (RON)	7	0.60	0.78

SC ELECTRICA SA
CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
 (All amounts are in THOUSAND RON, except per share data)

	Note	Three month period ended		Three month period ended	
		30 June 2014 (unaudited)	31 March 2014 (unaudited)	30 June 2013 (unaudited)	31 March 2013 (unaudited)
Revenues	6	1,096,411	1,210,877	1,222,085	1,396,056
Other income		42,285	31,655	41,574	29,723
Electricity purchased	6	(510,095)	(624,268)	(617,326)	(837,076)
Green certificates		(57,686)	(92,113)	(100,729)	(106,670)
Salaries and other employee benefits		(197,679)	(172,169)	(182,435)	(176,931)
Repairs, maintenance and materials		(36,337)	(11,480)	(38,375)	(17,099)
Depreciation and amortization		(109,075)	(103,187)	(100,321)	(97,939)
Reversal of impairment of property, plant and equipment, net		327	44	88	392
Reversal of impairment of trade and other receivables, net		5,931	2,720	16,827	15,330
Other operating expenses		(98,561)	(123,446)	(101,157)	(123,207)
Operating profit		135,521	118,633	140,231	82,579
Finance income		11,161	2,703	8,157	4,869
Finance costs		(7,776)	(3,822)	(5,680)	(9,245)
Net finance income/(cost)		3,385	(1,119)	2,477	(4,376)
Share of profit or loss of equity-accounted investees, net of tax	5	-	-	15,740	15,740
Profit before tax		138,906	117,514	158,448	93,943
Income tax expense	8	(30,249)	(29,030)	(31,057)	(12,175)
Profit for the period		108,657	88,484	127,391	81,768
Profit for the period attributable to:					
- owners of the Company		71,022	60,300	99,125	62,417
- non-controlling interests		37,635	28,184	28,266	19,351
Profit for the period		108,657	88,484	127,391	81,768
Earnings per share					
Basic and diluted earnings per share (RON)	7	0.31	0.29	0.48	0.30

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

Administrator
Marius Eugen Untescu



General Director
Ioan Rosca

Economic Director
Emilia Elena Marin

SC ELECTRICA SA**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

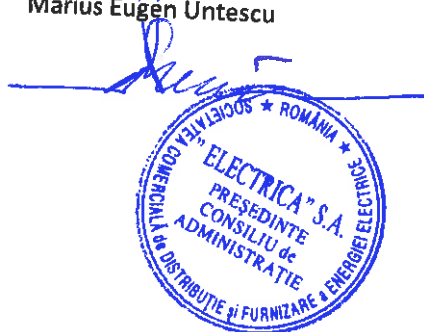
	Six month period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Profit for the period	197,141	209,159
Other comprehensive income		
Total comprehensive income	197,141	209,159
Total comprehensive income attributable to:		
owners of the Company	131,322	161,542
non-controlling interests	65,819	47,617
Total comprehensive income	197,141	209,159

SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
(All amounts are in THOUSAND RON, if not otherwise stated)

Note	Three month period ended		Three month period ended	
	30 June 2014 (unaudited)	31 March 2014 (unaudited)	30 June 2013 (unaudited)	31 March 2013 (unaudited)
Profit for the period	108,657	88,484	127,391	81,768
Other comprehensive income	-	-	-	-
Total comprehensive income	108,657	88,484	127,391	81,768
Total comprehensive income attributable to:				
- owners of the Company	71,022	60,300	99,125	62,417
- non-controlling interests	37,635	28,184	28,266	19,351
Total comprehensive income	108,657	88,484	127,391	81,768

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

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SC ELECTRICA SA

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

Note	Attributable to the owners of the Company						Total	Non-controlling interests	Total equity	
	Share capital	Prepaid share reserve	Additional contributions from shareholders	Revaluation on reserve	Other reserves	Retained earnings				
Balance at 1 January 2014	2,509,413	-	47,657	1,080,704	612,490	1,597,810	5,848,074	811,296	6,659,370	
Comprehensive income										
Profit for the period (unaudited)						131,322	131,322	65,819	197,141	
Total comprehensive income						131,322	131,322	65,819	197,141	
Transactions with owners of the Company:										
Contributions and distributions										
Underwritings from the IPO	12	1,943,015					1,943,015		1,943,015	
Issue of ordinary shares in respect of land contributed by the shareholders	11	40,371	(47,657)				(7,286)		(7,286)	
Dividends						(22,475)	(22,475)		(22,475)	
Spin-off effect	5	(507,429)		(388,018)	(408,195)	(928,834)	(2,232,476)		(2,232,476)	
Total transactions with owners of the Company (unaudited)		(467,058)	1,943,015	(47,657)	(388,018)	(408,195)	(951,309)	(319,222)	(319,222)	
Other changes in equity (unaudited)										
Dividends related to non-controlling interests								(67,250)	(67,250)	
Release of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment				(26,363)		26,363				
Balance at 30 June 2014 (unaudited)		2,042,355	1,943,015	-	666,323	204,295	804,186	5,660,174	809,865	6,470,039

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SC ELECTRICA SA

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

Note	Attributable to the owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Prepaid share reserve	Additional contributions from shareholders	Revaluation reserve	Other reserves	Retained earnings			
Balance at 1 January 2013	2,493,305	-	54,645	1,132,815	599,226	1,326,572	5,606,563	765,253	6,371,816
Comprehensive income									
Profit for the period (unaudited)	-	-	-	-	-	161,542	161,542	47,617	209,159
Total comprehensive income	-	-	-	-	-	161,542	161,542	47,617	209,159
Transactions with owners of the Company									
Contributions and distributions									
Issue of ordinary shares in respect of land contributed by the shareholders	11 1,832	-	(1,832)	-	-	-	-	-	-
Land for which ownership rights were obtained	-	-	7,892	-	-	-	7,892	-	7,892
Dividends	-	-	-	-	-	(13,211)	(13,211)	-	(13,211)
Total transactions with owners of the Company (unaudited)	1,832	-	6,060	-	-	(13,211)	(5,319)	-	(5,319)
Other changes in equity (unaudited)									
Dividends related to non-controlling interests	-	-	-	-	-	-	-	(25,467)	(25,467)
Release of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	(25,409)	-	25,409	-	-	-
Balance at 30 June 2013 (unaudited)	2,495,137	-	60,705	1,107,406	599,226	1,500,312	5,762,786	787,403	6,550,189

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

SC ELECTRICA SA**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

	Six month period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Cash flows from operating activities		
Profit for the period	197,141	209,159
Adjustments for:		
Depreciation	206,872	191,343
Amortisation	5,390	6,917
Reversal of impairment of property, plant and equipment, net	(371)	(480)
Gain on disposal of property, plant and equipment	(851)	(500)
Reversal of impairment of trade and other receivables, net	(8,651)	(32,157)
Release of deferred revenue	(41,952)	(35,414)
Net finance (income)/costs	(2,266)	1,899
Share of profit or loss of equity-accounted investees, net of tax	5	(31,480)
Income tax expense	8	59,279
		43,232
	414,591	352,519
Changes in :		
Trade receivables	314,261	(163,413)
Other receivables	(71,568)	(15,074)
Prepayments	(5,931)	(23,340)
Inventories	5,451	2,493
Trade payables	(13,718)	242,962
Other payables	(46,313)	4,356
Employee benefits and provisions	15,096	(4,962)
Deferred revenue	78,719	125,567
Cash generated from operating activities	690,588	521,108
Interest paid	(6,209)	(13,175)
Income tax paid	(29,531)	(22,207)
Net cash from operating activities	654,848	485,726

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SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014
(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2014 (unaudited)	30 June 2013 (unaudited)
Cash flows from investing activities			
Payments for purchases of property, plant and equipment		(246,683)	(160,413)
Payments for purchases of property, plant and equipment from customers contribution		(66,483)	(112,472)
Payments for purchases of intangible assets		(530)	(10,673)
Proceeds from sale of property, plant and equipment		43	301
Proceeds from sale of investments	5	140,920	-
Interest received		11,045	16,268
Net cash used in Investing activities		(161,688)	(266,989)
Cash flows from financing activities			
Dividends paid		(74,460)	(67,764)
Repayment of financing of property, plant and equipment		(1,198)	(1,911)
Payment of finance lease liabilities		(5,000)	(13,211)
Net cash used in financing activities		(80,658)	(82,886)
Net increase in cash and cash equivalents		412,502	135,851
Cash and cash equivalents at 1 January		571,151	474,344
Effect of movements in exchange rates on cash held		(3,076)	923
Cash and cash equivalents at 30 June	10	980,577	611,118

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

Administrator
Marius Eugen Untescu



General Director
Ioan Rosca

Economic Director
Emilia Elena Marin

SC ELECTRICA SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

1 Reporting entity

These financial statements are the condensed consolidated interim financial statements of S.C. Electrica S.A. ("the Company") and its subsidiaries (together "the Group") as at and for the six month period ended 30 June 2014.

The registered office of the Company is 9 Grigore Alexandrescu Street, Sector 1, Bucharest, Romania. The Company has unique registration number 13267221 and Trade Register registration number J40/7425/2000.

As at 30 June 2014 the sole shareholder of Electrica SA is the Romanian State, represented by the Ministry of Economy – Department for Energy. On 2 July 2014 the ownership of the Romanian State was diluted to 48.78% following an initial public offer (see Note 16).

The Company's subsidiaries are the following:

Subsidiary	Activity	Tax code	Head Office	% shareholding as at 30 June 2014	% shareholding as at 31 Dec 2013
Electrica Distributie Muntenia Nord SA	Electricity distribution in geographical area of Muntenia Nord	14506181	Ploiesti	78.0000021%	78.0000021%
Electrica Distributie Transilvania Nord SA	Electricity distribution in geographical area of Transilvania Nord	14476722	Cluj-Napoca	77.99999%	77.99999%
Electrica Distributie Transilvania Sud SA	Electricity distribution in geographical area of Transilvania Sud	14493260	Brasov	78.0000019%	78.0000019%
Electrica Furnizare SA	Electricity supply	28909028	Bucuresti	77.99997%	77.99997%
Electrica Serv SA	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	100%	100%
Servicii Energetice Muntenia SA	Services in the energy sector (maintenance, repairs, construction)	29384120	Bucuresti	100%	100%
Servicii Energetice Moldova SA	Services in the energy sector (maintenance, repairs, construction)	29386768	Bacau	100%	100%
Servicii Energetice Banat SA	Services in the energy sector (maintenance, repairs, construction)	29388211	Timisoara	100%	100%
Servicii Energetice Dobrogea SA	Services in the energy sector (maintenance, repairs, construction)	29388378	Constanta	100%	100%
Servicii Energetice Oltenia SA	Services in the energy sector (maintenance, repairs, construction)	29389861	Craiova	100%	100%

The main activities of the Group include operation and development of electricity distribution networks and activities related to electricity supply to final consumers. The Group is the electricity distribution operator and the main electricity supplier in Muntenia Nord area (Prahova, Buzau, Dambovita, Braila, Galati and Vrancea counties), Transilvania Nord area (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita-Nasaud counties) and Transilvania Sud area (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties), operating with transformation stations and 0.4 kV and 110 kV power lines.

SC ELECTRICA SA**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

Starting 1 January 2014 the electricity distribution tariffs approved by National Authority for Energy Regulation ("ANRE") are as follows (RON/MWh, presented cumulatively for medium and low voltage):

	ANRE Order no.	High voltage	Medium voltage	Low voltage
Transilvania Nord	104/18 December 2013	20.65	67.28	178.75
Transilvania Sud	105/18 December 2013	23.46	70.45	194.74
Muntenia Nord	98/18 December 2013	18.90	63.13	206.05

In 2013 the Company approved the liquidation of 3 subsidiaries: Servicii Energetice Banat, Servicii Energetice Dobrogea and Servicii Energetice Moldova. In January 2014 the Board of Directors of Servicii Energetice Oltenia decided the commencement of the insolvency process with a view to reorganization. On 14 May 2014 the Court of Dolj approved the commencement of the insolvency procedure. For further information on the financial position of these subsidiaries refer to Note 15.

Spin-off

On 20 March 2014 the shareholder of the Company approved the spin-off project published in relation to the spin-off of the Company's shareholdings and the set-up of a new company - „Societatea de Administrare a Participatiilor in Energie SA” - wholly owned by the Company's shareholder (the Romanian State, represented by the Ministry of Economy – Department for Energy) – see Note 5. On 10 April 2014 Bucharest Court approved the spin-off of Electrica SA.

Initial public offering

The Government Decision no. 85/2013, amended and completed by Government Decision no. 477/2014 approved the privatization strategy of Electrica SA by initial public offer ("IPO"). The privatization strategy included the offer for sale of a 51% stake by issuance of new shares representing 105% of the existing share capital as at the date of the IPO. The shares were offered to both individual and institutional investors on the Romanian market, as well as to qualified investors on the US market and outside USA, and Global Depository Receipts ("GDRs") on the UK market.

The IPO was organised between 11 and 27 June 2014 and referred to an offering by the Company of 177,188,744 ordinary shares in the form of shares and in the form of GDRs, each GDR representing four shares. Following the IPO, the Company sold 142,007,744 shares and 8,795,250 GDRs, at the offer prices of RON 11 per share and 13.66 USD per GDR. The allocation of shares and GDRs and the offering prices were concluded on 27 June 2014. The transfer of ownership rights on new shares and the collection of cash by the Company took place on 2 July 2014. At the same date the increase in share capital was recorded in the Trade Register (see Note 16).

Starting 4 July 2014 the Company's shares are listed on Bucharest Stock Exchange, and the GDRs are listed on London Stock Exchange.

SC ELECTRICA SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

2 Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("IFRS-EU"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 13 August 2014.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for property, plant and equipment, which is measured based on the revaluation model. The assets and liabilities of the subsidiaries in financial distress (Servicii Energetice Banat, Servicii Energetice Dobrogea, Servicii Energetice Moldova, Servicii Energetice Oltenia) are not measured on a going concern basis but on an alternate basis.

(c) Judgements and estimates

In preparing these interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

3 Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2013. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2014.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014 under IFRS-EU:

SC ELECTRICA SA

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2014

(All amounts are in THOUSAND RON, if not otherwise stated)

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities (2011)

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, IFRS 10 (2011) requires the Group to consolidate investees that it controls on the basis of de facto circumstances.

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The Group reassessed the control conclusion for its investees at 1 January 2014. The Group has not changed its control conclusion in respect of its investment in subsidiaries. In respect of investment in associates and other investment the adoption of these standards does not have a significant impact on the Group as these investments were classified as held for distribution as at 31 December 2013.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. Currently these amendments have no impact on the

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Group.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

The amendments allow the continuation of hedge accounting in the situation when a derivative financial instrument appointed as hedge instrument is novated (more specifically, the parties agreed to replace the initial provider with a new one) to perform centralized clearing activities through a third party, as a consequence of laws or regulations, if certain specific conditions are met. The Company analyses the effect of applying this change. The amendments are not relevant to the Group's financial statements, since the Group did not enter into any hedging relationship.

4 Operating segments

(a) Basis for segmentation

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Electricity supply	Buying and supplying electricity to consumers (includes Electrica Furnizare SA and the supply activity of Electrica SA)
Electricity distribution	Electricity distribution service (includes Electrica Distributie Muntenia Nord SA, Electrica Distributie Transilvania Nord SA, Electrica Distributie Transilvania Sud SA, Electrica Serv SA and the investments in the distribution activity done by Electrica SA)
External electricity network maintenance	Repairs, maintenance and other services for electricity networks owned by other distributors (includes Servicii Energetice Banat SA, Servicii Energetice Dobrogea SA, Servicii Energetice Moldova SA, Servicii Energetice Oltenia SA and Servicii Energetice Muntenia SA)
Headquarter	Includes corporate services at parent level

The General Director of the Company reviews management reports of each segment. Segment profit before tax is used to measure performance because management believes that such information is the most relevant in evaluating the results of the segments.

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(b) Information about reportable segments

Six month period ended 30 June 2014 (unaudited)	Electricity supply	Electricity distribution	External electricity network maintenance	Headquarter	Total for reportable segments	Consolidation eliminations and adjustments	Consolidated total
External revenues	1,999,367	277,283	30,638	-	2,307,288	-	2,307,288
Inter-segment revenue	64,023	755,724	-	-	819,747	(819,747)	-
Segment revenue	2,063,390	1,033,007	30,638	-	3,127,035	(819,747)	2,307,288
Segment profit (loss) before tax	144,554	194,054	(58,912)	215,156	494,852	(238,432)	256,420
Net finance (cost)/income	946	5,634	41	234,077	240,698	(238,432)	2,266
Depreciation, amortization and impairment of PP&E, net:	(2,661)	(201,106)	(2,481)	(5,643)	(211,891)	-	(211,891)
EBITDA*	146,269	389,526	(56,472)	(13,278)	466,045	-	466,045
Segment net profit (loss)	116,084	163,711	(59,378)	215,156	435,573	(238,432)	197,141
Salaries and other employee benefits	(38,183)	(260,186)	(62,939)	(8,540)	(369,848)	-	(369,848)
Capital expenditure	1,393	226,329	-	-	227,722	-	227,722
Six month period ended 30 June 2013 (unaudited)							
External revenues	2,325,112	238,970	54,059	-	2,618,141	-	2,618,141
Inter-segment revenue	102,701	782,310	186	-	885,197	(885,197)	-
Segment revenue	2,427,813	1,021,280	54,245	-	3,503,338	(885,197)	2,618,141
Segment profit (loss) before tax	81,723	176,750	(37,852)	90,581	311,202	(58,811)	252,391
Net finance (cost)/income	231	(4,068)	230	91,999	88,392	(90,291)	(1,899)
Depreciation, amortization and impairment of PP&E, net	(3,740)	(189,879)	(2,865)	(1,296)	(197,780)	-	(197,780)
Share of profit or loss of equity accounted investees	-	-	-	31,480	31,480	-	31,480
EBITDA*	85,232	370,697	(35,217)	(122)	420,590	-	420,590
Segment net profit (loss)	69,172	146,716	(38,499)	90,581	267,970	(58,811)	209,159
Salaries and other employee benefits	(37,798)	(263,103)	(50,265)	(8,200)	(359,366)	-	(359,366)
Capital expenditure	557	259,571	-	-	260,128	-	260,128

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At 30 June 2014 (unaudited)	Electricity supply	Electricity distribution	External electricity network maintenance	Headquarter	Total for reportable segments	Consolidation eliminations and adjustments	Consolidated total
Segment assets	1,251,573	6,633,915	357,163	2,460,746	10,703,397	(701,453)	10,001,944
Trade and other receivables	690,712	618,437	38,746	178,433	1,526,328	(763,041)	763,287
Receivables from public offering of shares	-	-	-	1,943,015	1,943,015	-	1,943,015
Restricted cash	-	-	-	129,902	129,902	-	129,902
Cash and cash equivalents	414,101	424,065	2,703	165,516	1,006,385	-	1,006,385
Trade and other payables, and short term employee benefits	799,444	455,658	429,197	151,990	1,836,289	(684,358)	1,151,931
Bank overdrafts	-	25,808	-	-	25,808	-	25,808
Financing for PP&E and finance lease	-	231,087	-	-	231,087	-	231,087
At 31 December 2013							
Segment assets	1,409,768	6,645,504	372,062	214,854	8,642,188	1,557,533	10,199,721
Trade and other receivables	1,213,788	649,927	44,004	-	1,907,719	(757,187)	1,150,532
Cash and cash equivalents	92,146	412,580	1,983	144,126	650,835	-	650,835
Assets held for distribution	-	-	-	2,243,494	2,243,494	-	2,243,494
Trade and other payables, and short term employee benefits	880,349	417,795	382,700	3,307	1,684,151	(588,007)	1,096,144
Bank overdrafts	42,218	467	-	36,999	79,684	-	79,684
Financing for PP&E and finance lease	-	273,199	-	-	273,199	-	273,199

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The breakdown of the Electricity distribution reportable segment is as follows:

	Distribution Muntenia Nord	Distribution Transilvania Nord	Distribution Transilvania Sud	Electricity network maintenance	Eliminations	Total Electricity distribution
Six month period ended 30 June 2014 (unaudited)						
External revenues	88,167	82,025	102,713	4,378	-	277,283
Inter-segment revenue	274,622	232,212	243,857	173,102	(168,069)	755,724
Segment revenue	362,789	314,237	346,570	177,480	(168,069)	1,033,007
Segment profit (loss) before tax	64,866	60,497	66,996	1,695	-	194,054
Net finance (cost)/income	6,033	(168)	(238)	7	-	5,634
Depreciation, amortization and impairment of PP&E, net	(51,997)	(69,424)	(72,230)	(7,455)	-	(201,106)
EBITDA*	110,830	130,089	139,464	9,143	-	389,526
Net profit (loss)	56,385	50,881	54,820	1,625	-	163,711
Salaries and other employee benefits	(62,087)	(58,644)	(54,668)	(84,787)	-	(260,186)
Capital expenditure	69,630	68,448	87,968	283	-	226,329
Six month period ended 30 June 2013 (unaudited)						
External revenues	75,287	72,324	82,845	8,514	-	238,970
Inter-segment revenue	293,832	234,028	251,813	169,519	(166,882)	782,310
Segment revenue	369,119	306,352	334,658	178,033	(166,882)	1,021,280
Segment profit (loss) before tax	87,008	54,847	35,969	(1,074)	-	176,750
Net finance (cost)/income	5,398	(3,347)	(5,908)	(211)	-	(4,068)
Depreciation, amortization and impairment of PP&E, net	(49,846)	(65,071)	(66,840)	(8,122)	-	(189,879)
EBITDA*	131,456	123,265	108,717	7,259	-	370,697
Net profit (loss)	75,931	46,311	25,364	(890)	-	146,716
Salaries and other employee benefits	(64,467)	(57,704)	(53,681)	(87,251)	-	(263,103)
Capital expenditure	80,553	92,515	85,357	1,146	-	259,571

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	Distribution Muntenia Nord	Distribution Transilvania Nord	Distribution Transilvania Sud	Electricity network maintenance	Eliminations	Total Electricity distribution
At 30 June 2014 (unaudited)						
Segment assets	2,324,728	1,848,357	2,024,900	536,897	(100,967)	6,633,915
Trade and other receivables	154,346	123,922	144,151	296,985	(100,967)	618,437
Cash and cash equivalents	295,310	42,773	75,828	10,154	-	424,065
Trade and other payables, and short term employee benefits	146,358	151,323	156,852	102,092	(100,967)	455,658
Bank overdrafts	-	-	17,808	8,000	-	25,808
Financing for PP&E and finance lease	83,965	39,415	107,173	534	-	231,087
At 31 December 2013						
Segment assets	2,343,997	1,840,521	1,987,822	600,505	(127,341)	6,645,504
Trade and other receivables	163,934	133,660	156,399	323,275	(127,341)	649,927
Cash and cash equivalents	324,565	31,621	47,062	9,332	-	412,580
Trade and other payables, and short term employee benefits	133,435	140,400	133,254	138,047	(127,341)	417,795
Bank overdrafts	-	467	-	-	-	467
Financing for PP&E and finance lease	78,722	53,891	139,798	788	-	273,199

* EBITDA (Earnings before interest, tax, depreciation and amortisation) for operating segments is defined and calculated as segment profit (loss) before tax of a given operating segment adjusted for i) depreciation, amortization and impairment/ reversal of impairment of property, plant and equipment and intangible assets in the operating segment, ii) net finance (cost)/income in the operating segment, and iii) share of profit (loss) of equity-accounted investees in the operating segment (as disclosed in the income statements). EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA used by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to the EBITDA of other companies.

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(c) Reconciliation of information on reportable segments to IFRS measures

	Six month period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Profit before tax		
Total profit before tax for reportable segments	494,852	311,202
Elimination of inter-segment profit	(238,432)	(90,291)
Share of profit of equity-accounted investees	-	31,480
Consolidated profit before tax	256,420	252,391
Net profit		
Total net profit for reportable segments	435,573	267,970
Elimination of inter-segment profit	(238,432)	(90,291)
Share of profit of equity-accounted investees	-	31,480
Consolidated net profit	197,141	209,159
Total assets		
Total assets for reportable segments	10,703,397	8,642,188
Elimination of inter-segment assets	(772,199)	(768,396)
Assets held for distribution	-	2,243,494
Unallocated amounts	70,746	82,435
Consolidated total assets	10,001,944	10,199,721
Trade and other receivables		
Trade and other receivables for reportable segments	1,526,328	1,907,719
Elimination of inter-segment trade and other receivables	(761,954)	(754,261)
Unallocated amounts	(1,087)	(2,926)
Consolidated trade and other receivables	763,287	1,150,532
Trade and other payables and short term employee benefits		
Trade and other payables and short term employee benefits for reportable segments	1,836,289	1,684,151
Elimination of inter-segment trade and other payables and short term employee benefits	(683,271)	(585,081)
Unallocated amounts	(1,087)	(2,926)
Consolidated trade and other payables	1,151,931	1,096,144

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5 Spin-off

Based on the Extraordinary General Shareholders decision dated 20 March 2014 and the resolution of the Bucharest Court dated 10 April 2014, the Group recognised the spin-off of the Company's shareholdings to a new company - „Societatea de Administrare a Participatiilor in Energie SA” - wholly owned by the Company's shareholder. The spin-off referred to the transfer of the minority interests held by the Company in 10 entities (Enel Distributie Muntenia, Enel Energie Muntenia, Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, E.On Moldova Distributie, E.On Energie, Electrica Soluzionara, Hidro Tarnita and BRM). The investments included equity accounted investees and other investments and were classified as assets held for distribution as at 31 December 2013.

The balance sheet items transferred at spin-off are as follows:

	<u>Carrying amount</u>
Assets held for distribution	2,232,476
Total active	2,232,476
Share capital	507,429
Revaluation reserve	388,018
Other reserves	408,195
Retained earnings	928,834
Total equity attributable to the owners of the Company	2,232,476

On 17 February 2014 the Company sold part of the shares held in E.On Moldova Distributie and E.On Energie Romania to E.On following the exercise of Call options by E.On. E.On paid to the Company the exercise price of RON 140,920 thousand.

Following the spin-off, as at 30 June 2014 the Group has restricted cash of RON 129,902 thousand, representing cash received from the above transaction with E.On, less the directly attributable costs (legal costs and taxes), and a liability to transfer this cash to Societatea de Administrare a Participatiilor in Energie SA. This liability is classified in Other current payables as at 30 June 2014.

For the six month period ended 30 June 2013 the Group recognised the share of profit or loss of equity accounted investees of RON 31,480 thousand to profit or loss. As at 31 December 2013 the Group reclassified the equity accounted investees to assets held for distribution and, consequently, the profit or loss for the six month period ended 30 June 2014 does not include any share of profit or loss in relation to such investments.

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*(All amounts are in THOUSAND RON, if not otherwise stated)***6 Revenue and expenses***Revenues*

	Six month period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Supply and distribution of electricity	2,217,692	2,502,835
Repairs and maintenance and other services rendered	39,852	67,200
Release of connection fees (customers' contributions)	41,952	35,414
Re-connection fees	4,619	6,791
Sales of merchandise	3,173	5,901
Total	2,307,288	2,618,141

Electricity purchased

Electricity purchased includes mainly the cost of electricity purchased for the purpose of supply to final consumers or to other electricity suppliers, as well as the cost of transmission and system services (in the amount of RON 128,846 thousand for the six month period ended 30 June 2014 and RON 116,717 thousand for the six month period ended 30 June 2013), and the electricity acquired to cover network losses (in the amount of RON 249,314 thousand for the six month period ended 30 June 2014 and RON 271,686 thousand for the six month period ended 30 June 2013). The Group purchases the electricity from different producers, the majority of them being state controlled companies – refer to Note 14.

The significant decrease of the electricity expenses is due mainly to the decrease in the acquisition cost of electricity in the six month period ended 30 June 2014 compared to the same period of 2013 resulting mainly from acquisitions of cheaper hydro-based and nuclear-based producers rather than the more expensive thermal energy producers.

Also in the six month period ended 30 June 2013 the Group has incurred penalties for early termination of certain electricity purchase contracts of RON 23,584 thousand.

7 Earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

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*(All amounts are in THOUSAND RON, if not otherwise stated)**Profit attributable to ordinary shareholders*

	Six month period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Profit for the period attributable to the owners of the Company	131,322	161,542
Profit attributable to ordinary shareholders	131,322	161,542

Weighted-average number of ordinary shares (in number of shares)

	2014	2013
Issued ordinary shares at 1 January	207,839,904	206,229,044
Effect of shares issued in February	156,887	129,967
Effect of spin-off in April	(21,561,890)	-
Effect of shares issued in May	1,282,266	-
Effect of shares issued in June	-	4,543
Effect of underwritings from the IPO	29,531,457	-
Weighted-average number of ordinary shares at 30 June (unaudited)	217,248,624	206,363,554
Earnings per share		
Basic and diluted earnings per share (RON)	0.60	0.78

8 Income taxes

	Six month period ended	
	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Current tax expense	47,157	29,647
Deferred tax expense	12,122	13,585
Total income tax	59,279	43,232

9 Trade receivables

	30 June 2014 (unaudited)	31 December 2013
Trade receivables, gross	1,900,358	2,253,069
Bad debt allowance	(1,156,970)	(1,165,524)
Total trade receivables, net	743,388	1,087,545

On 25 April 2014 Electrica Furnizare SA subsidiary concluded an agreement with the National Railway Company - Compania Nationala Caila Ferate Romane CFR SA ("CFR") (a state-owned company) on the settlement of CFR debts towards Electrica Furnizare SA whereby CFR undertakes to pay, until 15 May 2014,

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the outstanding amounts due for electricity consumption for the years 2012-2013 of RON 221 million. At the same time, Electrica Furnizare undertakes to cancel the related late payment penalties calculated until the payment date, subject to the issuance by the Government of a ruling in this respect. This agreement puts into practice the commitments assumed by Romanian authorities towards the International Monetary Fund in respect of CFR debts to electricity suppliers and the Government Ordinance no. 8/ 2014 based on which CFR may receive upon request from the Ministry of Finance loans in order to pay its overdue payables.

On this basis, on 13 May 2013 the Group collected the value of electricity invoiced as at 31 December 2013 of RON 221,183 thousand.

Trade receivables from CFR amount to RON 4,810 thousand as at 30 June 2014 and RON 240,632 thousand as at 31 December 2013.

10 Cash and cash equivalents

	30 June 2014 (unaudited)	30 June 2013 (unaudited)
Total cash and cash equivalents in the consolidated statement of financial position		
Overdrafts used for cash management purposes	1,006,385	686,819
Total cash and cash equivalents in the consolidated statement of cash flows	(25,808)	(75,701)
	980,577	611,118

At 30 June 2014 the Group has guarantees on its bank accounts opened at ING for the overdrafts contracted.

The following information is relevant in the context of the statement of cash-flows:

Non-cash activity includes:

- purchases of property, plant and equipment on suppliers' credit of RON 30 million during the six month period ended 30 June 2014 (30 June 2013: RON 61 million);
- land contributed by the shareholder: 0 during the six month period ended 30 June 2014 (30 June 2013: RON 7,892 thousand);
- set-off between trade receivables and trade payables of RON 39 million during the six month period ended 30 June 2014 (30 June 2013: RON 187 million).

Also the payments made in the current period for purchases of property, plant and equipment from prior periods were RON 95 million during the six month period ended 30 June 2014 (30 June 2013: RON 57 million).

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11 Share capital

As at 30 June 2014 the share capital of Electrica SA is 100% owned by the Romanian State, represented by the Ministry of Economy – Department for Energy.

The issued share capital in nominal terms consists of 168,751,185 ordinary shares at 30 June 2014 (207,839,904 ordinary shares at 31 December 2013) with a nominal value of RON 10 per share. All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared, and are entitled to one vote per share at meetings of the Company.

	2014	2013
Number of shares at 1 January	207,839,904	206,229,044
Shared issued during the period	4,035,061	183,220
Decrease of the number of shares by spin-off	(43,123,780)	-
Number of shares at 30 June (unaudited)	168,751,185	206,412,264

On 25 February 2014 an increase of share capital of 188,264 ordinary shares was registered in the Trade Registry. The shares were issued in respect of land contributed by the shareholder in previous periods.

On 10 April 2014 Bucharest Court approved the spin-off by Electrica SA through transfer of part of its assets (investments held by Electrica SA in other entities – see Note 5) to a new company „Societatea de Administrare a Participatiilor in Energie SA”, owned by the Romanian State, represented by the Ministry of Economy – Department for Energy. Following this transaction, the share capital decreased by 43,123,780 ordinary shares.

On 16 May 2014 an increase of share capital of 3,846,797 ordinary shares was registered in the Trade Registry. The shares were issued in respect of land contributed by the shareholder in previous periods.

On 2 July 2014 the increase of share capital by 177,188,744 ordinary shares was recorded in the Trade Register, following an IPO (see Note 16).

Until 31 December 2003, the statutory share capital in nominal terms was restated according to IAS 29 “Financial Reporting in Hyperinflationary Economies” with a corresponding adjustment to retained earnings.

12 Prepaid share reserve

Between 11 and 27 June 2014 the Company organised an IPO, which referred to an offering of 142,007,744 shares and 8,795,250 GDRs, each GDR representing four shares (see also Note 1). The underwritings amounted to RON 1,556,095 thousand and USD 120,143,115. Consequently, the Group recognised prepaid share reserve and receivables from public offering for the total amount of the underwritings of RON 1,943,015 thousand.

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The transfer of ownership rights on the new shares and the collection of the cash by the Company took place on 2 July 2014. At the same date the increase in share capital was recorded in the Trade Register (see Note 16).

13 Financial instruments – fair values

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2014 (unaudited)							
Financial assets not measured at fair value							
Trade receivables	743,388		743,388				
Receivables from public offering of shares	1,943,015		1,943,015				
Cash and cash equivalents	1,006,385		1,006,385				
Total	3,692,788		3,692,788				
Financial liabilities not measured at fair value							
Bank overdrafts		25,808	25,808				
Financing of property, plant and equipment		230,553	230,553		237,565		237,565
Finance lease		534	534				
Trade payables		472,389	472,389				
Total		729,284	729,284				
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 December 2013							
Financial assets not measured at fair value							
Trade receivables	1,087,545		1,087,545				
Cash and cash equivalents	650,835		650,835				
Total	1,738,380		1,738,380				

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30 June 2014 (unaudited)	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value							
Bank overdrafts		79,684	79,684				
Financing of property, plant and equipment		272,411	272,411		288,475		288,475
Finance lease		788	788				
Trade payables		627,619	627,619				
Total		980,502	980,502				

(b) Measurement of fair values

Fair value hierarchy

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The following table describes the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Other financial liabilities	<i>Discounted cash flows (DCF) method</i>	Not applicable
	The discount rates used are the average 12 M ROBID-ROBOR interest rates of 2.45% as at 30 June 2014 (31 December 2013: 2.78%)	

The Group determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

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*(All amounts are in THOUSAND RON, if not otherwise stated)***14 Related parties****(a) Ultimate controlling party**

As at 30 June 2014 the Company is 100% owned by the Romanian State, represented by the Ministry of Economy – Department for Energy. On 2 July 2014 the ownership of the Romanian State was diluted to 48.78% following an initial public offer (see Note 1).

(b) Management and administrators' compensation

Management compensation

Six month period ended	
30 June 2014 (unaudited)	30 June 2013 (unaudited)
11,265	10,875

Compensations granted to the members of the Board of Directors and representatives in the General Meeting of Shareholders were as follows:

Members of Board of Directors
Representatives in the General Meeting of Shareholders
Total

Six month period ended	
30 June 2014 (unaudited)	30 June 2013 (unaudited)
963	593
60	32
1,023	625

No loans were granted to managers or administrators.

(c) Transactions with other state-controlled companies

The Group enters into transactions with other state-controlled entities in the ordinary course of its business, related mainly to acquisition of electricity, transmission and system services and sale of electricity. Significant purchases and balances with other state-controlled companies are mainly with energy suppliers, as follows:

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Supplier	Purchases (excluding VAT)		Balance (including VAT)	
	Six month period ended 30 June 2014 (unaudited)	Six month period ended 30 June 2013 (unaudited)	30 June 2014 (unaudited)	31 December 2013
	Nuclearelectrica	169,767	268,420	31,553
Transelectrica	266,074	209,847	80,292	182,354
Complexul Energetic Oltenia	-	251,464	9,000	27,050
Hidroelectrica	268,696	228,517	71,620	10,381
OPCOM	236,288	161,294	12,958	140
Electrocentrale Bucuresti	-	132,218	-	-
Complexul Energetic Hunedoara	-	73,993	-	3,283
SNGN ROMGAZ	19,296	-	4	-
CN Posta Romana SA	2,988	20,298	188	5,511
CET Govora	-	25,093	-	-
Electrocentrale Oradea	524	15,742	-	85
Electrocentrale Galati	2,002	1,598	-	426
Altii	4,343	3,735	1,258	-
Total	969,978	1,392,219	206,873	247,838

The Group has also a current liability of RON 129,902 thousand to Societatea de Administrare a Participatiilor in Energie SA following the Company's spin-off (see Note 5).

The Group also makes sales to other state-controlled entities representing electricity supplied, of which the significant transactions are the following:

Client	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
	Six month period ended 30 June 2014 (unaudited)		30 June 2014 (unaudited)	
CFR	80,199	4,810	-	4,810
SNGN ROMGAZ	10,685	2,605	-	2,605
OPCOM	6,303	921	-	921
Societatea Comerciala "Cupru Min"- S.A. Abrud	15,624	27,122	(27,122)	-
Transelectrica	8,389	1,350	-	1,350
CN Romarm	4,703	598	-	598
Electrocentrale Oradea	1,659	394	-	394
CN Remin SA	200	71,175	(71,175)	-
C.N.C.A.F. MINVEST S.A.	-	78,735	(78,735)	-

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	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
Client	Six month period ended 30 June 2014 (unaudited)		30 June 2014 (unaudited)	
Oltchim	-	715,277	(715,277)	-
Others	11,103	12,053	(4,086)	7,967
Total	138,865	915,040	(896,395)	18,645

	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
Client	Six month period ended 30 June 2013 (unaudited)		31 December 2013	
CFR	91,204	240,632	-	240,632
SNGN ROMGAZ	53,870	6,795	-	6,795
OPCOM	33,968	142	-	142
Societatea Comerciala "Cupru Min"- S.A. Abrud	18,869	36,122	(36,122)	-
Transelectrica	10,643	2,281	-	2,281
CN Romarm	5,253	485	-	485
Societatea Nationala a Sarii	5,591	-	-	-
Electrocentrale Oradea	4,102	1,180	-	1,180
CN Remin SA	-	71,151	(71,151)	-
C.N.C.A.F. MINVEST S.A.	-	78,735	(78,735)	-
Oltchim	1,752	715,277	(715,277)	-
Others	11,778	10,455	(7,742)	2,713
Total	237,030	1,163,255	(909,027)	254,228

15 Subsidiaries in financial distress

According to the Government Decision no. 760/21.07.2010, at the beginning of 2012 Electrica Serv subsidiary was reorganized for the purpose of separating the non-profitable branches. Consequently, five new companies fully owned by Electrica SA were set-up, as follows: SC Servicii Energetice Banat SA, SC Servicii Energetice Dobrogea SA, SC Servicii Energetice Moldova SA, SC Servicii Energetice Oltenia SA and SC Servicii Energetice Muntenia SA.

A significant portion of the sales of the above mentioned services companies relates to transactions with electricity distribution companies that have been privatized (Enel, E.On and CEZ). The financial position of

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SC Servicii Energetice Banat SA, SC Servicii Energetice Dobrogea SA, SC Servicii Energetice Moldova SA and SC Servicii Energetice Oltenia SA has deteriorated significantly after the privatization of the electricity distribution operators in the Banat, Dobrogea, Moldova and Oltenia areas.

In 2013 Servicii Energetice Moldova, Servicii Energetice Banat and Servicii Energetice Dobrogea were under special administration procedure, and on 19 December 2013 the Company approved the liquidation of these subsidiaries. Electrica SA, as sole shareholder, appointed the liquidators for Servicii Energetice Moldova and Servicii Energetice Dobrogea during the six month period ended 30 June 2014. In case of Servicii Energetice Banat, Electrica Serv SA subsidiary, as creditor, filed a request at the Timis Court for the commencement of the insolvency procedure of this company.

Servicii Energetice Oltenia has also financial difficulties. In January 2014 the Board of Directors of Servicii Energetice Oltenia decided to commence an insolvency procedure with a view to reorganization. On 14 May 2014 the Court of Dolj approved the commencement of the insolvency procedure and appointed the legal administrator.

Due to the above conditions that indicated the existence of significant uncertainties that cast significant doubt on the ability of these four subsidiaries to continue to operate as going concerns, the Group has recognised the carrying amounts of the assets and liabilities of these subsidiaries on a liquidation basis as at 30 June 2014 and 31 December 2013.

As at 30 June 2014 and 31 December 2013 the carrying amounts of the assets and liabilities of these four companies (SC Servicii Energetice Banat SA, SC Servicii Energetice Dobrogea SA, SC Servicii Energetice Moldova SA and SC Servicii Energetice Oltenia SA), included in the consolidated financial statements are as follows:

	Servicii Energetice Moldova	Servicii Energetice Dobrogea	Servicii Energetice Banat	Servicii Energetice Oltenia	Total
30 June 2014 (unaudited)					
Property, plant and equipment	40,966	14,052	49,225	35,879	140,122
Trade receivables	837	2,166	1,582	3,994	8,579
Cash and cash equivalents	381	837	314	982	2,514
Total assets	42,184	17,055	51,121	40,855	151,215
Trade payables	(3,809)	(1,768)	(7,158)	(2,388)	(15,123)
Payables to the State budget	(38,442)	(21,779)	(28,521)	(4,095)	(92,837)
Social security and other salary taxes	(34,686)	(15,678)	(26,927)	(5,639)	(82,930)
Provisions, employee benefits and deferred taxes	(26,078)	(3,235)	(10,300)	(13,163)	(52,776)
Total liabilities	(103,015)	(42,460)	(72,906)	(25,285)	(243,666)

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	Servicii Energetice Moldova	Servicii Energetice Dobrogea	Servicii Energetice Banat	Servicii Energetice Oltenia	Total
31 December 2013					
Property, plant and equipment	40,492	15,764	54,795	36,633	147,684
Trade receivables	1,991	3,151	2,535	4,795	12,472
Cash and cash equivalents	195	226	198	299	918
Total assets	42,678	19,141	57,528	41,727	161,074
Trade payables	(4,361)	(1,682)	(7,358)	(2,452)	(15,853)
Payables to the State budget	(38,161)	(20,691)	(27,257)	(2,541)	(88,650)
Social security and other salary taxes	(24,960)	(14,560)	(23,864)	(3,035)	(66,419)
Provisions, employee benefits and deferred taxes	(9,512)	(4,191)	(9,536)	(13,366)	(36,605)
Total liabilities	(76,994)	(41,124)	(68,015)	(21,394)	(207,527)

The Group has not classified the assets and liabilities of these subsidiaries as held for sale as at 30 June 2014 or 31 December 2013, as the conditions for such classification have not been met as of these dates. Consequently, the Group has not presented these subsidiaries as discontinued operations in the income statement.

16 Subsequent events

On 2 July 2014 the transfer of ownership rights on new shares issued by public offering and the collection of cash by the Company. At the same date the Trade Register approved the increase of the Company's share capital by 177,188,744 ordinary shares with a nominal value of RON 10 per share, which represents cash contribution from shareholders of RON 1,771,887 thousand, following the IPO arranged between 11 and 27 June 2014 (see Note 1). As a result of this transaction, on 2 July 2014 the interest of the Romanian State in the Company was diluted to 48.78%.