

S.C. AMA OFFICE MANAGEMENT & CONSULTING S.R.L

Romania, Bucharest, 2A Nada Florilor Street, district 2

Sole registration code: 18976348; Trade Registry number: J40/13875/2006;

RO621NGB0000999904185442 ING BANK, FAX: 031.430.12.74; phone: 0724860549 ; CAFR authorization no. 1144/2012

E-mail: officeama_consulting@yahoo.ro

No.280/03.06.2015

HANDOVER REPORT
signed this day of 03.06.2015

We, the undersigned AMA OFFICE MANAGEMENT & CONSULTING S.R.L, based on the financial audit agreement no. 255/2015, present the management of SERVICII ENERGETICE MUNTENIA SA with the Final Audit Report of SERVICII ENERGETICE MUNTENIA SA concerning the financial statements of 31.12.2014 and annexes to financial statements.

I handed over,

AMA OFFICE MANAGEMENT
& CONSULTING S.R.L

Financial Auditor Ioana Monica Stroescu

Illegible signature and seal

I received,

SERVICII ENERGETICE MUNTENIA SA

Economic Director Crinela Misaros

Illegible signature and seal

S.C. ELECTRICA S.A.

SERVICII ENERGETICE MUNTENIA S.A.

DIRECTOR

No. 866/ 03.06.2015

FINAL REPORT

concerning

THE AUDIT OF FINANCIAL STATEMENTS of 31.12.2014

for

SERVICII ENERGETICE MUNTENIA S.A

INTERMEDIARY REPORT OF INDEPENDENT AUDITOR

TO,

Official Receiver Rominsolv SPRL

Special Receiver

of Executive management

SERVICII ENERGETICE MUNTENIA SA

1. Report on financial statements

We audited the financial statements of the entity SERVICE ENERGETICE MUNTENIA S.A, concluded on 31.12.2014, which contain: balance sheet, profit and loss account, equity changes statement and treasury flows statement and explanatory notes and Director's report.

The financial statements refer to:

- Net accounting assets: 179,077,049 lei
- Net result of fiscal year: profit/loss: (8,038,827) lei

2. These financial statements were drawn up according to Accounting Law no. 82/1991, updated with the provisions of Order of Minister of Public Finances no. 3055/2009 for the approval of Accounting Regulations compliant with the European Economic Community Directives, with the Standards in force applicable in Romania.

3. The entity observed the norms and instructions given by the Minister of Public Finances for the conclusion of fiscal year 2014, as such it applied correctly the general reporting framework in Romania.

4. Responsibility of management of audited company for elaboration of financial statements

The management of the entity is responsible for drawing up and faithful presentation of these financial statements elaborated according to Order of the Minister of Public Finances no. 3055/2009 for the approval of accounting regulations.

This responsibility includes: the conception, implementation and maintenance of an adequate internal control system for the drawing up and faithful presentation of financial statements concluded on 31.12.2014 without having significant misrepresentations due to error or fraud; selection and application of adequate accounting policies, elaboration of reasonable accounting estimates.

5. Responsibility of external independent auditor

Our responsibility is that based on the audit performed, we express an opinion about these financial statements. We carried out the audit works in accordance with the International Audit Standards elaborated by the International Federation of Accountants (IFAC) and fully adopted by the Romanian Chamber of Financial Auditors (CAFR).

The Standards require that our audit mission is planned and carried out so as to allow a reasonable assurance that the financial statements do not contain significant misrepresentations.

An audit consists of the performance of procedures for obtaining the audit samples regarding the values and information presented in financial statements.

The procedures include the evaluation of significant misrepresentation risks of financial statements due to fraud or error regarding their elaboration and correct (faithful) presentation of operations and transactions made, by analysis of internal control system relevance, without having the purpose of expressing an opinion about the effectiveness of this system.

The audit includes the evaluation, examination, observation and conformation of financial statements, presented as a whole.

Except for the points 6 and 8 of this report, we believe that the audit samples we obtained are sufficient and adequate to represent the basis of changed audit opinion.

Because of the limited character of audit tests, some errors may remain unidentified by the external independent financial auditor.

6. Basis of opinion with reserves:

6.1 As it results from Note 9 point a (to financial statements), on 26.11.2014 the company began the insolvency proceedings, as provided by Law 85/2014, and is now under observation. We mention that until now the w not completed the table of creditors and has not elaborated a reorganization plan of the company.

In this context as it results from Note 1 to financial statements for the year 2014, the assets are presented at their re-evaluated value, and the last re-evaluations were on:

- 31.12.2014 for buildings and lands
- 31.12.2011 for buildings and lands
- 31.12.2008 for lands and special constructions

We could not estimate the depreciation of tangible assets because without the completion of a business plan, based on a reorganization plan, we cannot credibly estimate the future cash flows. In conclusion, the financial statements enclosed do not contain adjustments of tangible assets, which could have resulted if the depreciation had been estimated.

6.2 We mention that we did not participate in the actual inventory of company assets on 31.12.2014, the responsibility for the inventories belongs to the inventory commissions and the central commission; our appointment as auditors was made after that time.

We mention that the auditor made factual inventory procedures elaborated according to the Order of Minister of Public Finances in force and IAS applicable so that the factual inventory drawn up by the official receiver and the special receiver had a work methodology, was carried out in good conditions by the Commission appointed by Decision of the official receiver ROMINSOLV SPRL .

7. *Opinion with reserves:*

In our opinion, except for points 6 and 8 of this report, the financial statements drawn up by **SERVICII ENERGETICE MUNTENIA S.A** present a faithful image, but not absolute, from all significant points of view of the financial position of the company on 31.12.2014. The financial results and treasury flows of the company drawn up according to OMFP 3055/2009 concerning the Accounting Regulations compliant with European Directives.

8. *Observations:*

Without expressing other reserves to our opinion, we point out the issues mentioned in the Explanatory Notes to financial statements, which show the existence of a high risk for continuation of company's activity without the attraction of new customers. The continuity of company's activity depends on external financing sources and the decisions of creditors regarding the approval and application of a reorganization plan.

9. *Report on the conformity of Director's report on financial statements*

In accordance with OMFP no.3055/2009 further amended, art.318, point 2, from Accounting Regulations compliant with 4th EEC Directive, we read the Director's Report enclosed to financial statements. The Director's Report is not part of financial statements and is drawn up according to Accounting Law 82/1991 further amended and supplemented.

Based on the procedures applied, we did not observe nonconformities of Director's Report for the financial statements attached.

10. *Other aspects*

We consider relevant in the activity of audited company the highlighting of the following aspects:

A. By the civil sentence of 26.11.2014/ file 40081/3/2014 the petition of the company was admitted and the general insolvency proceedings were opened and a temporary official receiver **ROMINSOLV SPRL** was appointed. As a result of petition submitted by **SERVICII ENERGETICE MUNTENIA SA** the general insolvency proceedings were opened according to article 71 paragraph 1 and art. 100 of Insolvency Law 85/2014. Now the company is under judicial observation.

At this report date the company has not elaborated a reorganization plan checked by the official receiver and approved by the general meeting of creditors and by the syndic judge from the Court of Law Bucharest.

B. The reason for insolvency is the insufficiency of liquid assets of the company which led to the non-payment of eligible debts to its creditors.

Because of default of payment (lack of liquid assets) the entity opened the insolvency proceedings at its request according to the Law 85/2014, the reasons de facto are:

In accordance with art. 66 paragraph 1, related to art.5 point 29 and point 72 of Law no. 85/2014 on insolvency proceedings, insolvency represents that condition of debtor's patrimony which is characterised by insufficiency of banking funds available for the payment of certain, liquid and exigible debts;

- a) Insolvency is presumed proven when the debtor, after 90 days from due date, did not pay its debt to the creditor; the presumption is relative;
- b) Insolvency is imminent when it is proven that the debtor cannot pay at due date the exigible debts committed with funds available at due date.

The debtor in insolvency has the obligation to submit to the court of law a petition for being subjected to the provisions of this law, within maximum 30 days from the occurrence of insolvency condition. To the petition addressed to the court, it will enclose the proof of notification of the competent fiscal body regarding the intention of opening the insolvency proceedings. According to the balance sheet of 31.12.2013 the economic and financial situation of the entity **SERVICII ENERGETICE MUNTENIA S.A.** was as follows :

Total incomes: 49.129.682 lei;

Total expenses: 70.452.908 lei;

Loss recorded: (21.323.226) lei;

Liquid funds at bank and cash in lei are 8,676,839 lei.

At the end of fiscal year 2013 outstanding budgetary debts of VAT were recorded.

This report is addressed to the shareholders of the company and cannot be made public unless it has the consent of the financial auditor who elaborated it. Our audit was performed to be able to report to the shareholders some issues we need to present in a financial audit report and not for other purposes. To the extent permitted by the law, we do not accept and only take responsibility towards the company and its shareholders for our audit, for this report or for the opinion given.

The financial statements presented by the entity and audited are not drawn up for the use of persons who do not know the impact of application of OMFP 3055/2009. This report is drawn up exclusively for the submission of financial statements for the fiscal year ended on 31.12.2014, to General Directorate of Public Finances Bucharest.

AMA OFFICE MANAGEMENT & CONSULTING S.R.L

CAFR authorization no. 1144/2012

Stamp

Illegible signature

Financial auditor Ioana Monica Stroescu