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## **Independent Auditors' Report (free translation<sup>1</sup>)**

To the shareholders of  
Societatea de Distributie si Furnizare a Energiei Electrice Electrica S.A.

### **Report on the Individual Financial Statements**

- 1 We have audited the accompanying individual financial statements of Societatea de Distributie si Furnizare a Energiei Electrice Electrica S.A. ("the Company"), which comprise the individual statement of financial position as at 31 December 2015, the individual statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Individual Financial Statements*

- 2 Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with the Order of the Vice-prime minister, Minister of Public Finance no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market, and related amendments ("OVMPF no. 1286/2012"), and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

- 3 Our responsibility is to express an opinion on these individual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the individual financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the individual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the individual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

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<sup>1</sup> TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version.



policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the individual financial statements.

- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

- 6 In our opinion, the individual financial statements give a true and fair view of the individual financial position of the Company as at 31 December 2015, and of its individual financial performance and its individual cash flows for the year then ended, in accordance with OVMPF no. 1286/2012.

#### *Other Matters*

- 7 This independent auditors' report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for the report on the individual financial statements and the report on administrators' report, or for the opinion we have formed.

#### **Report on Administrators' Report**

The Administrators are responsible for the preparation and presentation of the Administrators' Report in accordance with OVMPF no. 1286/2012, articles 10-12 of the accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market, and for such internal control as Administrators determine is necessary to enable the preparation and presentation of Administrators' Report that is free from material misstatement, whether due to fraud or error.

The Administrators' Report presented from page 1 to 55 is not part of the individual financial statements.

Our opinion on the individual financial statements does not refer to the Administrators' Report.

In connection with our audit of the individual financial statements as at and for the year ended 31 December 2015, we have read the Administrators' Report attached to the individual financial statements, and based on this we report that:

- a) in the Administrators' Report we have not identified information which is not in accordance, in all material respects, with the information presented in the accompanying individual financial statements;
- b) the Administrators' Report identified above includes, in all material respects, the information required by the OVMPF no. 1286/2012, articles 10-12 of the accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market.

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In addition, based on our knowledge and understanding of the entity and its environment acquired during our audit of the individual financial statements as at and for the year ended 31 December 2015, we have not identified historical financial information included in the Administrators' Report, and information included in the section "*Description of the main characteristics of internal control and risk management systems related to the financial reporting*" of the Administrators' Report that contains a material error.

The Administrators' Report includes financial forecasts based on assumptions regarding potential future events or future actions of the management, and also includes operational data. Financial forecasts and operational data are not included within the scope of the audit of the financial statements and, as a result, our report does not refer to such information included in the Administrators' Report.

Refer to the original signed  
Romanian version



**For and on behalf of KPMG Audit S.R.L.:**

**Mikael Olsson**

**KPMG Audit S.R.L.**

registered with the Chamber of Financial  
Auditors of Romania under no 662/2001

registered with the Chamber of Financial  
Auditors of Romania under no 9/2001

Bucharest, 11 March 2016