
Catre,

To:

**ACTIONARIII SOCIETATII ENERGETICA
ELECTRICA S.A.**

**THE SHAREHOLDERS OF SOCIETATEA
ENERGETICA ELECTRICA S.A.**

Avand in vedere solicitarile actionarilor din
cadrul Adunarii Generale a Actionarilor din data
de 31 martie si 27 aprilie 2016,

Given the requests for clarification of
shareholders from the General Meeting of
Shareholders on March 31 and April 27, 2016.

Va transmitem, anexat prezentei, raspunsurile cu
privire la intrebarile adresate de catre actionari in
cadrul Adunarii Generale a Actionarilor
Electrica SA.

Please find attached clarifications in respect to
shareholders' requests raised on General
Meeting of Shareholders of Electrica SA.

**DIRECTOR GENERAL/ CEO
Iuliana ANDRONACHE**

Centralizare raspunsuri primite la solicitarile de clarificare rezultate in urma AGA din 31 martie si 27 aprilie 2016

I. Solicitare privind Electrica Serv SA
Referitor la situatiile financiare anuale individuale pentru exercitiul financiar 2015: o informare in legatura cu elementele care au stat la baza opiniei cu rezerve a auditorului precum si cu privire la masurile ce vor fi intreprinse pentru remedierea problemelor semnalate;

Raspuns:

Prin HCA nr. 35/2015, Consiliul de Administratie al societatii Electrica Serv S.A., a avizat „Planul de restructurare al Electrica Serv pentru perioada 2015-2018” si l-a inaintat Consiliului de Administratie al Electrica S.A., respectiv Adunarii Generale a Actionarilor Electrica Serv in vederea aprobarii.

Planul de restructurare nu a fost insa aprobat de catre AGA Electrica Serv S.A.

HCA nr. 35/2015 prevedea ca in perioada 2015-2017 reducerea numarului de salariati sa fie de cca 562 persoane.

La data de 31.12.2015 au plecat 64 de salariati cu acordul partilor, pentru care societatea a achitat suma de 3.768 mii RON, inclusiv contributiile angajatorului.

In anul 2016, era planificat sa plece prin acordul partilor un numar de aproximativ 200 persoane, necunoscandu-se la momentul decembrie 2015 numarul exact si data cand vor pleca angajatii.

Auditorul KPMG a propus inregistrarea unui „provizion pentru restructurare aferent reducerilor de personal, conform planului de reorganizare al societatii avizat de Consiliul de Administratie in 2015” in suma de 25.257 mii RON pentru beneficiile platite angajatilor ce vor parasii compania in anii 2016, 2017 si 2018.

Summary of answers received to the requests for clarification following the GMS from March 31st and April 27th 2016

I. Request regarding Electrica Serv SA
With reference to the annual standalone financial statements for the fiscal year 2015: information in relation to the elements underlying the auditor's opinion with reserves as well as the measures which will be carried out for remedying the problems reported;

Answer :

Through Electrica Serv Board of Directors' decision no. 35/2015 was endorsed the “Restructuring plan of Electrica Serv SA for 2015-2018 period” and submitted it to Electrica SA Board of Directors and to Electrica Serv General Meeting of Shareholders for approval.

The restructuring plan was not approved by Electrica Serv GMS..

BoD decision no. 35/2015 stated a reduction of personnel number by approx. 562 employees for the period 2015-2017.

Until December 31st 2015, 64 employees have left by mutual agreement, for which the company paid the amount of RON 3,768 th. including employer social contributions.

It was planned for 2016 that approx. 200 persons leave the company through mutual agreement, but the exact number and timeline were not known in December 2015.

The company's auditor, KPMG, proposed the booking of “a restructuring provision regarding the employees layoffs, according to the restructuring plan endorsed by the Board of Directors in 2015” in amount of RON 25.257 th. for the benefits to be paid to employees leaving the company in 2016, 2017 and 2018.

Conform OMFP 1802/2014, standard contabil aplicabil societatii, „provizioanele pentru restructurare se pot constitui in situatia unor reorganizari fundamentale care au un efect semnificativ in natura si scopul activitatii entitatii”.

Obligativitatea inregistrarii unui provizion pentru restructurare intervine atunci cand:

a. dispune de un plan oficial detaliat pentru restructurare, care sa stipuleze cel putin:

- Activitatea sau partea de activitate la care se refera;
- Principalele locatii aferente planului de restructurare;
- Numarul aproximativ de angajati care vor primi compensatii pentru incetarea activitatii, distributia si posturile acestora;
- Cheltuielile implicite;
- Data la care se va implementa procesul de restructurare;

b. a provocat celor afectati o asteptare ca va realiza restructurarea prin inceperea implementarii acelui plan sau prin anuntarea principalelor sale caracteristici celor afectati de acesta.

In cazul Electrica Serv SA nu se indeplinesc conditiile mentionate mai sus, astfel:

- Societatea nu dispunea de un plan oficial detaliat pentru restructurare, deoarece acesta nu era aprobat de AGA.
- Planul de restructurare nu a fost adus la cunostinta salariatilor, deoarece nu era aprobat.
- Planul de restructurare nu preciza un calendar al disponibilizarilor colective, sau data la care se vor implementa.
- Un principiu fundamental in inregistrarea unui provizion este „obligatia legala” care sta la baza iesirii de beneficii economice. Prin

According to OMFP 1802/2014, the accounting standard applicable to the company, “the restructuring provisions are booked in case of fundamental reorganisation which has a significant impact in the nature and activity of the entity”.

The necessity of booking a provision intervenes when:

a. the company has an official and detailed restructuring plan, which comprises, at least:

- The activity or part of the activity at which the restructuring plan refers to;
- The main locations related to restructuring plan;
- The approximate number of employees which will receive compensatory salaries, their departments and functions;
- The related expenses;
- The data at which the restructuring process will be implemented ;

b. it has raised to those involved the expectation that the restructuring will take place through that plan implementation or through communication of the underlying facts to those affected by the restructuring plan.

In case of Electrica Serv the conditions mentioned above were not met as follows:

- The company didn't have an official restructuring plan, because it was not approved by the General Meeting of Shareholders.
- The restructuring plan was not communicated to employees because it was not approved.
- In the restructuring plan was not specified a schedule for layoffs, or the date at which it will be implemented.
- A fundamental principle in the booking of a provision is the “legal obligation” which is the base of the economic outflow.

faptul ca planul de restructurare nu a fost aprobat de AGA si nu a fost comunicat angajatilor, Electrica Serv nu avea nici o obligatie legala.

- In plan este precizat ca in luna a opta din 2016 se va analiza situatia economica a companiei, si daca va fi cazul se va intocmi un plan de disponibilizari colective cu aplicabilitate din anul 2017. Auditorul KPMG a inclus in calculul provizionului si sumele aferente unei eventuale disponibilizari in anii 2017 si 2018, fapt care la data semnarii situatiilor financiare nu era cert, ci doar subiectul unei analize viitoare, care se baza pe date economice ulterioare datei semnarii situatiilor financiare aferente anului 2015.

Argumentele mentionate mai sus nu au fost considerate valide de catre auditor, care a emis o opinie cu rezerve pentru situatiile financiare individuale statutare aferente anului 2015.

Insa la nivelul situatiilor financiare consolidate ale Grupului Electrica a fost inregistrat acest provizion pentru restructurare deoarece sunt respectate conditiile mentionate de Standardele Internationale de Raportare Financiară pentru recunoasterea acestuia.

In anul 2016 au plecat prin acordul partilor un numar de 207 angajati catre care au fost platite salarii compensatorii in suma de 10.273 mii RON, reprezentand sume brute inclusiv contributiile angajatorului.

Compania a inregistrat in semestrul I al anului 2016 profit in suma de 2.582 mii RON. Datorita rezultatelor financiare pozitive, pana la acest moment nu au fost intreprinse actiuni oficiale in vederea unor viitoare disponibilizari de personal.

The restructuring plan was not approved by the GMS and was not communicated to employees, therefore Electrica Serv had no legal obligation

- According to the restructuring plan, in the eight month of 2016 a financial analysis of the company has to be performed, and if the case, a personnel lay-off plan starting with 2017 would be prepared. The auditor included in the provision amount the benefits related to layoffs related to 2017 and 2018, fact not certain at the moment of the financial statements sign-off, being the subject of a future economic analysis based on economic data subsequent to the 2015 financial statements sign off.

The above mentioned arguments were not considered valid by the auditor that issued an opinion with reserves for the year 2015 standalone statutory financial statements.

However at the Electrica Group consolidated financial statements level this provision was booked as the provision recognition criteria according to the International Financial Reporting Standards are met.

In 2016 a number of 207 employees left the company through mutual agreement, for which were paid gross benefits in amount of RON 10,273 th., including the employer contributions.

The company recorded in the first semester of 2016 a profit in amount of RON 2,582 th.

Due to positive financial results, until this moment no official actions have been taken regarding an employees' lay-off process.

II. Solicitare privind Electrica Distributie Transilvania Sud SA

Referitor la situatiile financiare anuale individuale pentru exercitiul financiar 2015: o informare in legatura cu elementele care au stat la baza opiniei cu rezerve a auditorului precum si cu privire la masurile ce vor fi intreprinse pentru remedierea problemelor semnalate.

Raspuns:

Reglementarile contabile aplicabile societatii pentru anul 2014 sunt cele cuprinse in OMFP 3055/2009 cu modificarile si completarile ulterioare, cadru legal care mentioneaza urmatoarele:

Art. 121 alin (1): Entitatile pot proceda la reevaluarea imobiliarilor corporale existente la sfarsitul exercitiului financiar, astfel incat acestea sa fie prezentate in contabilitate la valoarea justa, cu reflectarea rezultatelor acestei reevaluari in situatiile financiare intocmite pentru acel exercitiu.

- Art. 123

- alin (1): In cazul in care, ulterior recunoasterii initiale ca activ, valoarea unui activ imobilizat este determinata pe baza reevaluarii activului respectiv, valoarea rezultata din reevaluare va fi atribuita activului, in locul costului de achizitie/costului de productie sau al oricarei alte valori atribuite inainte acelui activ. In astfel de cazuri, regulile privind amortizarea se vor aplica activului avand in vedere valoarea acestuia, determinata in urma reevaluarii.
- alin (2): Elementele dintr-o grupa de imobiliarizari corporale se reevalueaza simultan pentru a se evita reevaluarea selectiva și raportarea in situatiile financiare anuale a unor valori care

II. Request regarding Electrica Distributie Transilvania Sud

With reference to the annual financial statements for the fiscal year 2015: information in relation to the elements underlying the auditor's opinion with reserves as well as the measures which will be carried out for remedying the problems reported.

Answer:

The accounting regulations applicable to the company for the year 2014 are those included in the Order of the Minister of Public Finances no. 3055/2009 further amended and supplemented, the legal framework which mentions the following:

Art. 121 paragraph (1): The entities can proceed to the revaluation of tangible assets existing at the end of the fiscal year, so that they are presented in accounting at their fair value, with reflection of the revaluation results in the financial statements for that fiscal year.

Art. 123

- paragraph (1): In case after the initial recognition as asset, the value of a fixed asset is determined based on that asset revaluation, the value resulted from revaluation will be attributed to the asset, instead of the acquisition cost/production cost or any other value previously attributed to that asset. In such cases, the rules regarding depreciation will be applied to the asset, taking into consideration the value as resulted after revaluation.
- paragraph (2): The elements from a group of tangible assets are simultaneously revalued to avoid the selective revaluation and the reporting in the annual financial statements of

sunt o combinatie de costuri și valori calculate la date diferite.

- alin (3): Daca un activ imobilizat este reevaluat, toate celelalte active din grupa din care face parte trebuie reevaluate.
- alin (6): Reevalorile trebuie facute cu suficienta regularitate, astfel incat valoarea contabila sa nu difere substantial de cea care ar fi determinata folosind valoarea justa de la data bilantului. Valoarea justa a imobilizarilor corporale este determinata, in general, plecand de la valoarea lor de piata.

Conform reglementarilor aplicabile, societatea a procedat la finele anului 2014 la reevaluarea imobilizarilor corporale de tipul terenurilor si cladirilor, luand in considerare si impactul fiscal aferent impozitelor pentru aceste active imobilizate. Dat fiind faptul ca in clasa 212* sunt cuprinse, pe langa cladiri, si alte constructii de genul liniilor electrice de distributie, reevaluarea s-a efectuat pentru intreaga clasa, asa cum prevede art. 123 alin (2) din OMFP 3055/2009.

Decizia de a efectua reevaluarea doar a terenurilor si constructiilor s-a bazat, pe de o parte, pe faptul ca aceste clase de active au cea mai mare pondere in totalul activelor imobilizate (peste 64%) si au existat semnale cu privire la modificarea reperelor de pret pentru terenurile si cladirile la care valorile juste sunt determinate in baza preturilor de piata.

Referitor la aspectul sesizat in raportul intocmit de KPMG cu privire la faptul ca societatea nu a procedat si la reevaluarea clasei 213* care cuprinde echipamente si instalatii, justificarea acestei decizii s-a bazat pe urmatoarele date:

values which are a combination of costs and values calculated at different dates.

- paragraph (3): If a fixed asset is revalued, all the other assets from its group must be revalued.
- Paragraph (6): The revaluations must be made with sufficient regularity so that the accounting value does not substantially differ from the accounting value which would have been determined by using the fair value at the date of balance sheet. The fair value of tangible assets is determined, in general, by starting from their market value.

According to applicable regulations, the company proceeded at the end of 2014 to the revaluation of tangible assets of the type of lands and buildings, by taking into account the fiscal impact related to the taxes for these fixed assets. Given that in the 212* class other constructions, such as electric distribution lines, are included apart from buildings, the revaluation was made for the whole class, as provided by art. 123 paragraph (2) of Order of the Minister of Public Finances no. 3055/2009.

The decision to make only the revaluation of lands and constructions was based on the fact that these classes of assets have the highest weight in total fixed assets (over 64%) and there were signals regarding the changing of price references for the lands and buildings for which the fair values are determined based on the market prices.

With reference to the issue reported in the report drawn up by KPMG according to which the company did not proceed to the revaluation of 213* class, which contains equipment and installations, the justification of this decision was based on the following data:

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- Ponderea clasei 213* in totalul activelor corporale imobilizate este de 31,4%, la finele anului 2014 valoarea activelor cuprinse in aceasta clasa fiind 572.127.901 RON; ultima reevaluare la aceasta clasa s-a efectuat la finele anului 2011.
 - Din valoarea ramasa la 31.12.2014 pentru clasa de echipamente si instalatii, ponderea celor considerate noi (cu date de PIF dupa 01.01.2012) este de 37% din total.
 - Ponderea echipamentelor cu date de PIF cuprinse intre 01.01.2004 si 31.12.2011 este de 46%, valoarea ramasa a acestora evidentiata in situatiile financiare fiind determinata cu luarea in considerare a valorii juste stabilite la reevaluarea din 2011 si a uzurii normale. Mentionam ca in urma efectuarii inventarierii anuale nu au existat semnale care sa indice pentru aceasta clasa de active corporale o alta depreciere, mai accentuata decat cea determinata de uzura normala determinata de exploatarea acestor echipamente si instalatii.
 - Ponderea echipamentelor vechi (puse in functiune inainte de 31.12.2003) este de doar 17% din total, dar si aceste active reflecta in valoarea de la 31.12.2014 valorile juste stabilite la ultima reevaluare efectuata la aceasta clasa.
 - Conform programelor de investitii asumate de societate si luand in considerare faptul ca aceste imobilizari corporale au o durata de viata mult mai mica decat a constructiilor, societatea estimeaza ca in urmatorii 4 ani se vor inlocui toate echipamentele vechi. In ultimii doi ani media punerilor in functiune pentru aceasta clasa a fost de 100 mil. RON/an reprezentand cca. 16% din valoarea neta a acestei clase pentru fiecare an in parte si se preconizeaza ca in viitor viteza de inlocuire a echipamentelor (innoirea) va creste,
 - The weight of class 213* in total tangible assets is 31.4%, at the end of the year 2014 and the value of assets included in this class is 572,127,901 RON; the last revaluation for this class was made at the end of the year 2011.
 - From the remaining value as at 31.12. 2014 for the class of equipment and installations, the weight of those considered new (with commissioning dates after 01.01.2012) is 37% of total assets;
 - The weight of equipment with commissioning dates between 01.01.2004 and 31.12.2011 is 46%, their remaining value highlighted in financial statements is determined by taking into account the fair value established at the revaluation of 2011 and the normal wear and tear. We mention that after the annual inventory there were no signs that indicate for this class of tangible assets another kind of depreciation more profound than the one determined by the normal wear and tear caused by the exploitation of these equipment and installations.
 - The weight of the old equipment (commissioned before 31.12.2003) is only 17% of total assets, but these assets value as of 31.12.2014 also reflect the fair values established at the last revaluation made at this class.
 - According to the investments programs undertaken by the company and taking into account that these tangible assets have an useful life smaller than the constructions, the company estimates that in the next 4 years all the old equipment will be replaced. In the last two years the average commissioning for this class was 100 mil. RON/year, representing cca. 16% of the net value of this class for each year and it is forecast that in the future the replacement speed of equipment (the renewal) will increase, concomitantly with

concomitent cu creșterea valorică a programelor de investiții asumate de societate.

La momentul luării deciziei de reevaluare în august 2014 nu existau premise care să anticipateze o scădere considerabilă a valorii acestor active, peste uzura normală;

- nu au existat semnale care să indice o deteriorare a mediului economic în care societatea își desfășoară activitatea și nici în ceea ce privește mediul financiar (o creștere a ratelor dobânzii peste nivelul RRR);
- nu au existat premise care să indice o accelerare a uzurii fizice sau morale față de nivelul existent la ultima reevaluare (cea din anul 2011), putându-se astfel accepta ca valoarea rămasă, determinată pe baza rezultatelor reevaluării din 2011, poate fi asimilată valorii juste;
- la efectuarea inventarierii anuale nu s-au semnalat de către comisiile de specialitate aspecte care să aibă impact asupra modificării valorilor și a duratelor de viață aferente echipamentelor supuse procedurii de inventariere.

Coroborând toate aspectele menționate, a fost agreată decizia de a nu efectua și reevaluarea clasei de echipamente.

Măsurile necesare a fi luate pentru remedierea problemelor constatate de către auditorul statutar, sunt următoarele:

Societatea va demara procedura de reevaluare a mijloacelor fixe pentru scopuri fiscale la finalul anului 2017.

În orice condiții calificarea din opinia de audit va fi menținută până în anul următor anului în care va fi efectuată reevaluarea mijloacelor fixe.

the growth in value of investment programs undertaken by the company.

At the moment of making the decision of revaluation, in August 2014, there were no premises which anticipate a substantial decrease in the value of these assets, above the normal wear and tear;

- there were no signs which indicate a deterioration of the economic environment in which the company carries out its activity nor regarding the financial environment (an increase of interest rates above the RRR level);
- there were no premises which indicate an acceleration of the physical or moral wear and tear compared to the level that existed at the last revaluation (from 2011), therefore it can be accepted that the remaining value, computed based on the 2011 revaluation results can be considered the fair value;
- In the performance of annual inventory there were no issues, reported by the specialized commissions, to have impact on the changing of values and running life of equipment subject to inventory procedure.

In corroboration of all the issues mentioned, the company decided not to perform the revaluation of equipments.

The measures which need to be taken for the remedy of the problems stated by the auditor are:

The company will initiate the revaluation procedure for fiscal purposes at the end of 2017.

In any situation the qualification from the audit opinion will be maintained, according to the International Audit Standards, until the following year to the one of the fixed assets revaluation.

III. Solicitare privind Electrica Distributie Muntenia Nord SA

Referitor la bugetul de venituri si cheltuieli aferent exercitiului financiar 2016: o justificare a estimarii in bugetul de venituri si cheltuieli pentru anul 2016 a unui rezultat brut/net sub nivelul celui inregistrat in anul 2015.

Raspuns:

Veniturile totale estimate de EDMN pentru anul 2016 sunt in scadere cu 7% fata de veniturile totale din 2015. Cauza principala o reprezinta diminuarea tarifului mediu de distributie cu 14% prin Ordinul ANRE nr. 172/14.12.2015.

Astfel, se estimeaza ca in anul 2016 veniturile din activitatea de distributie de energie electrica vor scadea cu 60 milioane RON, de la 725 milioane RON in 2015 la 665 milioane RON in 2016, respectiv cu 8%, fata de perioada incheiata la 31 decembrie 2015, chiar daca se prognozeaza o crestere a cantitatii de energie distribuita cu 5,6%, precum si o crestere a veniturilor din energie reactiva cu 2,7 milioane RON.

Costurile totale estimate pentru anul 2016 sunt cu 5% mai mici decat costurile totale din 2015, pe seama in principal a reducerii costurilor cu energia electrica achizitionata pentru acoperirea pierderilor de retea si a reducerii cheltuielilor de mentenanta ale societatii cu 7%, corelat cu programul investitional.

Astfel, in anul 2016, costul energiei electrice achizitionate pentru acoperirea pierderilor de retea se estimeaza ca va scadea cu 17 milioane RON, sau 9%, de la 194 milioane RON in 2015 la 176 milioane RON in 2016. Aceasta variatie este cauzata in principal de scaderea cantitatii de energie achizitionata cu 4,1%, de la 925.328 MWh in 2015, la 887.316 MWh in 2016.

III. Request regarding Electrica Distributie Muntenia Nord

With reference to income and expenses budget for 2016: Justification of estimation in the 2016 income and expenses budget of a gross/net profit below the net profit recorded in 2015.

Answer:

Revenues estimated for 2016 are with 7% lower than the 2015 revenue. The main cause is the decrease of the average distribution tariff by 14% through ANRE Order no. 172/14.12.2015

Therefore, it is estimated that in 2016, the revenues from electricity distribution activity will decrease by RON 60 million, from RON 725 million in 2015 to RON 665 million in 2016, respectively 8% compared to 2015, despite the increase of the forecasted distributed energy by 5.6% and an increase of reactive energy with RON 2.7 million.

Total estimated costs for 2016 are 5% lower than actual 2015 costs, due to a decrease of the cost for electricity acquisition for network losses and a 7% reduction of maintenance expenses, correlated with the investment plan.

In 2016, the cost of the electricity purchased to cover the network losses is estimated to decrease by RON 17 million, or by 9%, from RON 194 million in 2015 to RON 176 million in 2016. This variation is mainly caused by the decrease of the purchased electricity quantity by 4.1%, from 925,328 MWh in 2015 to 887,316 MWh in 2016.

Coroborand aspectele mentionate mai sus si avand in vedere faptul ca venitul principal este obtinut din prestarea serviciului de distributie, prognoza de venituri din distributie construita pe seama unei cresteri cu 5,6% a cantitatii de energie distribuita, nu compenseaza in totalitate reducerea de 14% a tarifului mediu de distributie.

Astfel, profitul brut bugetat scade cu 23 milioane RON, sau 14%, de la 171 milioane RON in 2015 la 148 milioane RON in anul 2016.

As a result of the above mentioned and taking into consideration that the main revenue stream is the distribution service, the forecasted distribution revenues built on the assumption of a 5.6% increase of the distributed quantity, does not fully compensate the 14% reduction of the average distribution tariffs.

Therefore the budgeted profit before tax decreases by RON 23 million, or by 14%, from RON 171 million in 2015 to RON 148 million in 2016.

IV. Solicitare privind Servicii Energetice Muntenia SA

Referitor la situatiile financiare anuale individuale ale Servicii Energetice Muntenia SA pentru exercitiul financiar 2014: o informare in legatura cu elementele care au stat la baza opiniei cu rezerve a auditorului precum si cu privire la masurile ce vor fi intreprinse pentru remedierea problemelor semnalate, avand in vedere faptul ca la sfarsitul anului 2014 Societatea a inregistrat pierdere contabila.

Observatiile auditorului:

1. Nu s-a putut efectua o estimare a deprecierei imobiliarilor corporale, intrucat fara definitivarea unui plan de afaceri, pe baza unui plan de reorganizare, nu se pot estima credibil fluxurile viitoare de numerar. Nu am participat la inventarierea factica a activelor, desemnarea ca auditori fiind ulterioara datei desfasurarii procedurii de inventariere.
2. Societatea nu are un plan de reorganizare vizat de administratorul judiciar si aprobat de Adunarea Generala a creditorilor si de judecatorul sindic din cadrul Tribunalului Bucuresti.

Raspuns:

1. La data intocmirii raportului de audit SEM se afla in perioada de elaborare a planului de reorganizare.

Contractul cu auditorul a fost incheiat dupa efectuarea inventarierii patrimoniului, Pentru perioadele urmatoare se va lua masura de a demarare procedurii de contractare a serviciilor de audit din timp, pentru a evita emiterea unei opinii cu rezerve a auditorului generata de neparticiparea la inventarierea generala anuala.

IV. Request regarding Servicii Energetice Muntenia SA

With reference to the annual financial statements for the fiscal year 2014: information in relation to the elements underlying the auditor's opinion with reserves as well as the measures which will be carried out for remedying the problems reported, taking into account that the company recorded an accounting loss in 2014.

Auditor's observations:

1. It was not possible to estimate a depreciation of the tangible assets, since without finalizing a business plan, based on a reorganization plan, a reliably estimation of future cash flows cannot be done. We did not attend the factual inventory of assets, since our appointment as auditors was subsequent to the inventory date.
2. The Company does not have a Reorganization Plan endorsed by the judicial administrator and approved by General Meeting of Creditors and by the bankruptcy judge from Bucharest Tribunal.

Answer:

1. At the drafting date of the audit report, SEM was in stage of preparing the reorganization plan.

The contract with auditor was concluded after the PPE inventory was made. For the following periods it was decided to start the contracting procedure for audit services in due time to avoid an audit opinion issued with reserves generated by the non-participation to the annual general inventory.

Societatea are la dispoziție un raport întocmit de un evaluator extern independent acreditat ANEVAR prin care s-a determinat o valoare a activului la valoarea de piață la 31.12.2014, în condiții de continuitate a activității societății. Rezultatele acestui raport, conform legislației în vigoare, au fost înregistrate în evidența contabilă la 31.12.2014, dar sunt disponibile pentru o analiză care de altfel a și fost făcută în cuprinsul Planului de reorganizare întocmit de administratorul judiciar în colaborare cu conducerea executivă a societății.

2. Deși SEM are contracte încheiate pe următorii trei ani, fără un plan de reorganizare aprobat, auditorul nu s-a putut exprima privind continuitatea activității.

Asadar societatea va lua măsura supunerii spre aprobarea Adunării Creditorilor a Planului de reorganizare a societății, care va fi întocmit și deus de administratorul judiciar Rominsolv S.P.R.L., fapt prevăzut a se întâmpla până la sfârșitul lunii august 2015.

În urma aprobării planului de restructurare SEM va lua următoarele măsuri:

- reducerea cheltuielilor, prin renegocierea tuturor contractelor cu furnizorii, optimizarea proceselor de producție;
- reorganizarea teritorială a activității;
- participarea la majoritatea procedurilor de achiziție de pe piața specifică;
- vânzarea de active prin procedura aprobată, de către administratorul judiciar;
- organizarea managementului activităților pe două linii principale de activitate: activitatea de bază, de prestări servicii către terți și activitatea de administrare active.

The Company has available a report drawn up by an external independent appraiser accredited by ANEVAR who determined an asset value at the market value as at 31.12.2014, estimated in the activity continuity conditions. The results of this report were recorded in accounting system at 31.12.2014, according to the legislation in force, but are available for an analysis which was carried out in the Reorganization Plan drawn up by the judicial administrator in collaboration with the executive management of the Company.

2. Although SEM has valid contracts for the next three years, without an approved reorganization plan, the auditor could not express regarding the going concern.

Therefore, the company decided to submit to the Creditors' Assembly approval the Company's Reorganization Plan, drawn up and submitted by the judicial administrator Rominsolv S.P.R.L., which was planned to happen until the end of August 2015.

Following approval of the restructuring plan, SEM will take the following actions:

- costs reduction by renegotiating all contracts with suppliers and optimization of production processes;
- territorial reorganisation of its activity;
- participation on most purchases procedures on specific market;
- sale of assets approved by the judicial administrator's procedure;
- activities management separation on 2 main activity lines: main activity of services rendered to third parties and assets administration activity.

Referitor la situatiile financiare anuale individuale ale Serviciu Energetic Muntenia SA pentru exercitiul financiar 2015: o informare in legatura cu elementele care au stat la baza aspectelor evidentiate de catre auditorul financiar independent, precum si cu privire la masurile ce vor fi intreprinse pentru remedierea problemelor semnalate.

Observatiile auditorului:

1. In situatia modificarilor capitalurilor proprii, este prezentata corectarea unei erori contabile referitoare la inregistrarea terenurilor din Snagov si Filaret (16.646.602 RON) in contul de Rezerve, si nu in contul de Subventii primite.
2. O parte semnificativa din vanzrile societatii se refera la tranzactii cu societatiile din cadrul grupului, cu care are incheiate contracte ferme pentru urmatoarele 36 luni.
3. Societatea a inregistrat o pierdere cumulata de 31.450.649 RON si datorii curente nete de 37.593.505. La 31 decembrie 2015 societatea avea in derulare 12 contracte cu valoare maxima de decontat de 76.221.762 RON, din care 9 au fost castigate in perioada auditata, care asigura continuitatea activitatii societatii pe 36 luni. Avand in vedere conditiile de mai sus, posibilitatea societatii de a-si continua activitatea pe baza principiului continuitatii activitatii depinde de abilitatea acesteia de a genera suficiente profituri viitoare si de o permanenta sustinere financiara din partea creditorilor si a actionarului.

Raspuns:

1. In 2009, prin HCA 15/02.09.2009, au fost primite de la Electrica, terenurile din Snagov si Filaret cu o valoare cumulate de 16.646.602 RON ca subventii. La

With reference to the annual financial statements for the fiscal year 2015: information in relation to the elements underlying the auditor's opinion with reserves as well as the measures which will be carried out for remedying the problems reported.

Auditor`s observations:

1. In the statement of changes in equity from the financial statements is presented the correction of an accounting error related to the booking of the Snagov and Filaret lands (RON 16,646,602) in the Reserves account instead of Subsidies received.
2. A significant part of the companys` revenues is from transactions with related parties, according to agreements valid for the next 36 months.
3. The company recorded a cumulated loss of RON 31,450,649 and net current debts in amount of RON 37,593,505. As of December 31, 2015 the company had on-going 12 contracts with a maximum receivable value of RON 76,221,762, out of which 9 were signed during the audited period, ensuring the company activity for a period of 36 months. Having in consideration the above mentioned fact, the company`s ability to continue as going concern depends on its ability to generate future profit and continuous financial support from creditors and shareholder.

Answer:

1. In 2009, through BoD decision no. 15/02.09.2009 the lands from Snagov and Filaret with a cumulated value of RON 16,646,602 were received as subsidies

momentul primirii au fost inregistrate eronat in contul Alte rezerve. In consecinta, in 2015 a fost corectata eroarea contabila prin transferarea sumei in contul de Subventii primite.

2. Datorita faptului ca in 2014, la data incheierii de noi contracte, cu Enel Distributie Muntenia SA, SEM nu era eligibila din cauza datoriilor restante la ANAF, la achizitie a participat Electrica Serv si a castigat contractul, iar SEM a fost declarat unic subcontractor al Electrica Serv.

Astfel, volumul mare al tranzactiilor din 2015 reprezinta lucrari prestate catre ENEL si derulate prin Electrica Serv.

3. In urma aprobarii planului de restructurare SEM a luat urmatoarele masuri:
 - reducerea cheltuielilor, prin renegocierea tuturor contractelor cu furnizorii, optimizarea proceselor de productie;
 - reorganizarea teritoriala a activitatii;
 - participarea la majoritatea procedurilor de achizitie de pe piata specifica;
 - vanzarea de active prin procedura aprobata, de catre administratorul judiciar;
 - organizarea managementului activitatilor pe doua linii principale de activitate: activitatea de baza, de prestari servicii catre terti si activitatea de administrare active.

La 30.06.2016 rezultatul financiar al SEM este o pierdere de 272.166 RON, formata din profit din activitatea de baza de 793.202 RON si pierdere din activitatea de administrare active de 1.065.368 RON fata de o pierdere de 4.460.154 RON pentru aceeasi perioada a anului 2015.

from Electrica. At the moment, the lands were wrongly recorded in Other reserves account, thus, in 2015, the accounting error was corrected by transfer from Other reserves to Subsidies received account.

2. Because of the fact that in 2014, at the date of concluding new contracts with Enel Distributie Muntenia SA, SEM was not eligible because of outstanding debts to ANAF, Electrica Serv bid at the acquisition procedure and won, and SEM was declared Electrica Serv's unique subcontractor.

Thus, the large volume of transactions in 2015 represents work provided to Enel and carried out through Electrica Serv.

3. Following the approval of the restructuring plan, SEM will take the following actions:
 - costs reduction by renegotiating all contracts with suppliers and optimization of production processes;
 - territorial reorganisation of its activity;
 - participation on most purchases procedures on specific market;
 - sale of assets approved by the judicial administrator's procedure;
 - activities management separation on 2 main activity lines: main activity of services rendered to third parties and assets administration activity.

At 30.06.2016 financial result of SME is a loss in amount of RON 272,166, consists of profit from the core activity amounting RON 793,202 and loss from the assets management activity in amount of RON 1,065,368 compared to a loss of RON 4,460,154 for the same period in 2015.

Activitatea SEM este sustinuta in demersurile sale de actionarul unic, Electrica SA precum si de Adunarea Generala a Creditorilor.

In prezent SEM are in portofoliu contracte care ii asigura continuarea activitatii astfel:

- 16 contracte in derulare, in valoare de aproximativ 74 milioane RON pentru lucrari de mentenanta si investitii MT/JT pentru Enel,
- trei contracte de investitii in valoare de aproximativ 10 milioane RON pentru activitatea de 110 kV
- doua contracte de investitii de lucrari de MT/JT in valoare de 18,5 milioane RON.

SEM's activity is supported in its efforts by the sole shareholder, Electrica SA, and the General Meeting of Creditors.

At the moment, SEM has in portfolio contracts that ensure the continuation of it's activity as follows:

- 16 ongoing contracts with an approximate settle value of RON 74 million, of maintenance and investments works of MV/LV for Enel;
- three investment contracts for works of 110 kV with an aproximate value to be settled in amount of RON 10 million;
- two investment contracts for works of MV/LV with an approximate residual value to be settled in amount of RON 18.5 million.

V. Solicitare privind Servicii Energetice Oltenia SA

Referitor la situatiile financiare anuale individuale ale Servicii Energetice Oltenia SA pentru exercitiul financiar 2015: o informare in legatura cu elementele care au stat la baza aspectelor evidentiate de catre auditorul financiar independent, precum si cu privire la masurile ce vor fi intreprinse pentru remedierea problemelor semnalate.

Raspuns:

In raportul de audit financiar, auditorul a atras atentia asupra notei 10 din situatiile financiare ale anului 2015, respectiv asupra pierderii nete de 6.747.636 RON inregistrata de SC Servicii Energetice Oltenia SA la data de 31.12.2015.

Masurile intreprinse de societate pentru diminuarea pierderii consta in:

- renegocierea actelor aditionale cu principalii clienti, Adrem SRL si Energobit SA, obtinandu-se o majorare de tarif de cca. 5-6 % fata de anul anterior;
- incheierea de contracte noi cu Energotech SA, Onely Serv SRL, Tapaj SA, ceea ce duce la o crestere a veniturilor fata de anul trecut;
- disponibilizarea de personal;
- cresterea productivitatii muncii.

Analizand rezultatul obtinut in perioada ianuarie – iulie 2016 si ianuarie – iulie 2015, se constata o diminuare a pierderii de cca 52% in anul 2016.

In ceea ce priveste incertitudinea respectarii programului de plati al creantelor prevazut in Planul de Reorganizare, indicate in raportul de audit, mentionam ca:

- s-a respectat programul de plati, achitandu-se datoriile prevazute in anul I semestrul II, constand in creantele generate din raporturi de munca, scadente la data de 30.06.2016;

V. Request regarding Servicii Energetice Oltenia SA

With reference to the annual financial statements for the fiscal year 2015: information in relation to the elements underlying the auditor's opinion with reserves as well as the measures which will be carried out for remedying the problems reported.

Answer:

In the audit report, the auditor drew attention to Note 10 of the financial statements of the year 2015, respectively on the net loss of 6,747,636 RON registered by SC Energy Services Oltenia SA on 31.12.2015.

The measures taken by the company to reduce the loss are the following:

- renegotiation the addenda with key customers, Adrem SRL and Energobit SA, obtaining a price increase of approx.. 5-6% compared to the previous year;
- signing new contracts with Energotech SA, Onely Serv SRL, Tapaj SA, leading to the revenue growth compared to last year;
- employees lay-offs;
- increasing labor productivity.

Analyzing the results during January - July 2016 and January - July 2015, a loss decrease by approx. 52% was obtained in 2016

Regarding the uncertainty on fulfilling the Reorganization Plan payments program, indicated in the audit report, we note that:

- the program of payments has been respected, there have been paid the debts stipulated in the first year's second semester, consisting of receivables

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- valorificarea activelor prevazute in Planul de Reorganizare precum si cresterea veniturilor determinate de incheierea de noi contracte si de renegocierea celor existente, vor duce la obtinerea de lichiditati necesare respectarii programului de plati din Planul de Reorganizare.
 - generated by labor relations, due on 30.06.2016;
 - selling the assets stipulated in the Reorganization Plan and increasing the revenues, by concluding new contracts and renegotiating existing ones, will generate the necessary finance resources to fulfill the Reorganization Plan payments program.