



AUDIT EXPERT S.R.L.

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Authorisation issued by the Chamber of Financial Auditors of Romania no. 50/2001

STATUTORY AUDITOR'S REPORT

To,
The General Meeting of the Shareholders of ELECTROMAGNETICA S.A. Bucharest

Report on the Separate Financial Statements

1. We have audited the separate financial statements of ELECTROMAGNETICA S.A. BUCHAREST, (the "Company") attached hereto, which include the separate statement of the financial position at 31 December 2015, the separate statement of profit or loss and other components of comprehensive income, the separate statement of cash flows, the separate statement of changes in equity for the financial year ended at this date, and a summary of significant accounting policies and other explanatory notes, numbered from page 1 to page 55.

The financial statements mentioned refer to:

- Total equity: 260,242,265 lei;
- Net result of the period (LOSS): (22,716,628) lei;

Management Responsibility for the Financial Statements

2. The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Order of the Minister of Public Finance no. 1286/2012 approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to the trading companies the shares of which are admitted to trading on a regulated market, as further amended and supplemented and with the Accounting Law no. 82/1991, as further amended and supplemented, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements of the Company 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 Company's

internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

5. In our opinion, the financial statements attached hereto present fairly in all material respects the financial position of ELECTROMAGNETICA S.A. Bucharest as at 31 December 2015 and its financial performance and cash flows for the financial year ended on this date in accordance with Order of the Minister of Public Finance (OMFP) no. 1286/2012 approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to the trading companies the shares of which are admitted to trading on a regulated market, as further amended and supplemented.

Highlighting a number of aspects

Without expressing a qualified opinion, we draw attention to the aspects below:

6. The Company presents in the financial statements for 2015 losses in the amount of 22,716,628 mainly due to the fact that the entity deals in the sector of electricity production and supply where predictions on market evolution are difficult to anticipate both in regard of the price of electricity purchasing and selling to final consumers, and the demand-supply ratio.

We draw attention to the restructuring of the energy sector in our country, with possible significant effects on the Company's activity and performances.

7. We draw attention to Note 30 of the financial statements, "Commitments and Contingent Liabilities" regarding the lawsuit filed, during the reporting period, by an energy supplier in relation to which the Company considered that an appropriate estimation of the outcome was not possible. No provision that could influence the result of the current period was recorded in the financial statements. The contingent liabilities presented in the Note may represent risks for the result of future financial periods.

We were not able to quantify the influences pertaining to this matter.

Report on the Board of Directors Consolidated Report

8. The directors are responsible for the preparation and presentation of the Board of Directors Report in accordance with the requirements of points 10 - 12¹ of OMFP no. 1286/2012 approving the Accounting Regulations compliant with the International Financial Reporting Standards applicable to the trading companies the shares of which are admitted to trading on a regulated market, as further amended and supplemented, which must be free from material misstatement. The directors are also responsible for such internal control as they determine is necessary to

enable the preparation and fair presentation of the Board of Directors Report that is free from material misstatement, whether due to fraud or error.

The Board of Directors Report is presented from page 1 to page 29 and is not part of the separate financial statements.

Our opinion on the separate statements does not cover the Board of Directors Report.

Regarding our auditing of the separate financial statements, in accordance with the requirements of points 12² and 15¹ of OMFP no. 1286/2012, as further amended and supplemented, we have read the Board of Directors Report attached to the separate financial statements and presented from page 1 to page 29, and we report that:

- a) we have not identified in the Board of Directors Report any information that would not be consistent, in all material respects, with the information presented in the separate financial statements attached hereto;
- b) the Board of Directors Report identified above includes, in all material respects, the information required by points 10 - 12¹ of OMFP no. 1286/2012;
- c) based on our knowledge and understanding acquired during the auditing of the separate financial statements for the financial year ended at 31 December 2015 regarding the Company and its environment, we have not identified any information included in the Board of Directors Report that would be materially erroneous.

Ploiești – April 2016

Financial Auditor,
Gheorghiu Genica - Registered with
the Chamber of Financial Auditors of Romania under no. 2810/2009

In the name of,

AUDIT EXPERT S.R.L.
Auditing company registered with
the Chamber of Financial Auditors of Romania under no. 50/2001

Managing Director
Constantin Maria – C.A.F.R. Authorisation no. 184/2001