

To: Bucharest Stock Exchange
ASF (Financial Supervisory Authority) Financial Instruments and Investments
Sector

CURRENT REPORT

Report date: 22.03.2017

In compliance with:

- CNVM Regulation no. 1/2006 on issuers and operations with securities
- Law no. 297/2004 on the capital market

Entity name: S.C. ELECTROMAGNETICA S.A.

Address: 266-268 CALEA RAHOVEI Street, District 5, BUCHAREST

Telephone: 404.21.02; 404.21.08 FAX: 404.21.95; 404.21.94

Trade Register registration no.: J 40/19/1991

Unique code of registration: 414118

Share capital subscribed and paid up: 67 603 870.4 Lei

The regulated market where the issued securities are traded: Cat I, BVB

Important events to be reported:

Call of the Ordinary General Meeting of Shareholders and of the Extraordinary General Meeting of Electromagnetica Shareholders for 26/27 April 2017.

CALLING NOTICE

"The Board of Directors of **ELECTROMAGNETICA SA**, with its head office in Bucharest, 266-268 Calea Rahovei Street, District 5, met on 21.03.2017, at 12.00 a.m., to call an Ordinary General Meeting of Shareholders (AGO) and an Extraordinary General Meeting of Shareholders (AGEA) for the date of 26 April 2017, at 13:00 a.m. and, respectively, at 14:00 a.m., at the company's head office. The call is addressed to all the shareholders registered in the Company's Shareholders Register held by Depozitarul Central SA by the end of the 20th day of April 2017 which is considered the reference date for such meetings.

The Agenda of the Ordinary General Meeting of the Shareholders is the following:

1. To approve the individual annual financial statements for the financial year ended on 31.12.2016, according to the Accounting Regulations compliant with the international

- financial reporting standards, accompanied by the report of the Board of Directors and the Financial audit report including:
- statement of financial position;
 - statement of comprehensive income;
 - statement of changes in equity
 - statement of cash flows
 - notes to financial individual statements.
2. To approve the consolidated annual financial statements for the financial year ended on 31.12.2016 according to the Accounting Regulations compliant with the international financial reporting standards, accompanied by the report of the Board of Directors and the Financial audit report including:
 - consolidated statement of financial position;
 - consolidated statement of comprehensive income;
 - consolidated statement of changes in equity;
 - consolidated statement of treasury flows;
 - notes to consolidated financial statements
 3. To approve the distribution of the net profit for 2016,
 4. Financial discharge of the directors for the financial year 2016
 5. To approve the income and expenditure budget for 2017 and the Work Program for the financial year 2017, mandating the Board of Directors to readjust the items of income and expense upon occurrence of any unforeseeable random events.
 6. To approve remuneration pay of the members of the Board of Directors for the financial year 2017.
 7. To ratify the decision adopted by the Board of Directors on 31.05.2016 whereby the accounting loss in amount of LEI 22,716,628 recorded as of 31.12.2015 would be fully covered using the statutory reserve resulted from inflation adjustment, account 1061001 Adjustment for inflation – statutory reserves (IAS 29), based on the mandate given by the Ordinary general Meeting of the Shareholders of 21.04.2016.
 8. To approve that, for the financial year 2017, the dividends not claimed for more than three years after their exigibility date, for which the statutes of limitation can be invoked, would be recorded as „revenues”, respectively the dividends for the financial years 2003, 2010, 2011, 2012 and 2013, existing in the balance sheet as unpaid as of 21.07.2017.
 9. To approve the date of 15.05.2017 as registration date for the identification of the shareholders who are subject to the effects of AGOA resolutions and 12.05.2017 as ex-date (when shares are traded without the rights deriving from AGOA resolutions), calculated as previous to the registration date.
 10. To mandate Mr. Eugen Scheusan – President of the Board of Directors, who can be substituted by another person, to: i) conclude and/or sign, on behalf of the Company and/or of the Company's shareholders the resolutions of this AGOA, any and all the resolutions, documents, applications, forms and requests adopted/drawn up for the purpose of or for the execution of the resolutions of this AGOA in relation with any individual or legal entity, whether private or public, ii) to fulfill all legal formalities for the registration, enforceability, execution and publication of the resolutions adopted.

The Agenda of the Extraordinary General Meeting of the Shareholders is the following:

1. To approve the sale of the 1913 sqm land located in Bucharest, 23-37 Petre Ispirescu Street, district 5, registered in the former Land Book under no. 51106 and having the former cadastral number 3272/1, for a price at least equal to the value established in the evaluation report.

2. To approve the following:

a) that the Lot no. 28 (Land Book no. 55505), located at 266-268 Calea Rahovei Street, district 5, would be subdivided into two lots, of which one of 158 sqm;

b) that the land located at 266-268 Calea Rahovei Street, district 5 (Land Book no. 203629) belonging to ELECTROMAGNETICA GOLDSTAR SRL would be subdivided into two lots, of which one of 182 sqm, and that ELECTROMAGNETICA SA would purchase the 182 sqm lot;

c) that the following lots would be joined: Lot no. 10 (Land Book no. 55847), where the wing C64A is built, located at 266-268 Calea Rahovei Street, district 5; Lot no. 11 (Land Book no. 55488) located at 266-268 Calea Rahovei Street, district 5; Lot no. 12 (Land Book no. 55489) located at 266-268 Calea Rahovei Street, district 5; the 158 sqm lot derived from the subdivision of Lot no. 28; the 182 sqm lot derived from the subdivision of the lot owned by Electromagnetica Goldstar SRL;

d) that the Company would obtain a building permit for the extension of the building wing C64A;

e) that the Company would have the construction and related facilities executed;

f) that the Company would purchase 182sqm land from Electromagnetica Goldstar SRL and to extend the wing C64A with a new building with an area of 570 sqm;

g) if other projects requiring land subdivision/joining, to mandate the Board of Directors to analyze and approve such subdivision/joining of lands;

3. To close the work point "Centrala hidroelectrică de mica putere Milisauti" (Low power plant of Milisauti) – built on Suceava River, at Milisauti, Suceava County, carrying out NACE Code 3511 activity – Electricity production;

4. To amend point 3.3. of Article 3 of the Articles of Incorporation, so as to reflect the closing of the work point "Centrala hidroelectrică de mica putere Milisauti" (Low power plant of Milisauti) – built on Suceava River, at Milisauti, Suceava County, carrying out the activity NACE Code 3511 – Electricity production; point 3.3. of Article 3 shall have the following wording:

"ELECTROMAGNETICA SA owns the following organizational units without legal personality:

a) the special prototype production section located at 101 Chirca Street, Varteju Commune, Magurele Town, Ilfov County – carrying out the activity NACE Code 2651 – Manufacture of instrument and appliances for measuring, testing and navigation.

b) the "CASATEL" outlet store located at 266-268 Calea Rahovei Street, district 5, Bucharest, carrying out the activity NACE Code 4754 – Retail sale of electrical household appliances in specialized stores.

c) the sports facility located at 19 Veseliei Street, district 5, Bucharest, carrying out the activity NACE Code 9311 – Operation of sports facilities.

d) the low-power plant of Galanesti – Bilca 1 – located on Suceava River, in Bilca Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.

e) the low-power plant of Galanesti – Bilca 2 – located on Suceava River, in Bilca Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.

f) the low-power plant of Galanesti – Bilca 3 – located on Suceava River, in Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production and office activities.

g) the low-power plant of Tibeni – located on Suceava River, in Satu Mare Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.

- h) the low-power plant of Brodina 1 – located on Brodina River, in Brodina Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.*
- i) the low-power plant of Brodina 2 – located on Brodina River, in Brodina Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.*
- j) the low-power plant of Sadau - located on Sadau River, in Sadau village, Brodina Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.*
- k) the low-power plant of Ehreste – located on Brodina River, in Brodina Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.*
- l) the low-power plant of Putna – located on Putnisoara River, in Putna Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production.*
- m) the low-power plant of Brodina de Jos – located on Brodina River, in Brodina Commune, Suceava County, carrying out the activity NACE Code 3511 – Electricity production."*

5. To amend point 16.13 of Article 16 in the Articles of Incorporation, whose wording shall be as follows:

"16.13. For decisions to be valid, the presence of at least half of the total number of members of the Board of Directors shall be required. The decisions of the Board shall be adopted with the simple majority vote of the members attending and voting personally, voting through representative or by mail (e-mail or fax)".

6. To conclude an addendum to the Company's Articles of Incorporation, whereby the issues approved at points 3, 4 and 5 above shall be reflected.

7. To proceed to the early dissolution of ELECTROMAGNETICA GOLDSTAR SRL (J40/12829/1991, Tax ID 400570) where ELECTROMAGNETICA is the sole shareholder.

8. To proceed to the early dissolution of PROCETEL SA (J40/10437/1991, Tax ID 406212) where Electromagnetica holds 96.54% of the share capital of the company.

9. To approve the date of 15.05.2017 as registration date for the identification of the shareholders who are subject to the effects of AGEA resolutions and 12.05.2017 as ex-date (when shares are traded without the rights deriving from AGEA resolutions), calculated as previous to the registration date.

10. To mandate Mr. Eugen Scheusan – President of the Board of Directors, who can be substituted by another person, to: i) sign before a notary public the sale deed relating to the land described at point 1, ii) to call the general meeting of ELECTROMAGNETICA GOLDSTAR SRL, including on its agenda the subdivision of the land located at 266-268 Calea Rahovei Street, district 5 (Land Book no. 203629), the sale of 182 sqm towards Electromagnetica SA, the early dissolution, iii) the subdivision of the lots described above at point 2, the joining of the above mentioned lots, to sign all the documents required for such subdivision of land and all the documents required for such joining of land and those documents relating to cadastral registration, in the name and on behalf of both Electromagnetica SA and Electromagnetica Goldstar SRL, before the notary public and the Trade Register Office, iv) to sign the Addendum and the updated Articles of Incorporation, v) to call the general meeting of PROCETEL SA, including on its agenda the early dissolution of the company, vi) to conclude and/or sign, on behalf of the Company and/or of the Company's shareholders the resolutions of this AGEA, any and all the resolutions, documents, applications, forms and requests adopted/drawn up for the purpose of or for the execution of the resolutions of this AGEA in relation with any individual or legal entity, whether private or public, and vii) to fulfill all legal formalities for the registration, enforceability, execution and publication of the resolutions adopted.

Starting from 23 March 2017, the notice of meeting, documents and information materials regarding the agenda, draft resolutions, ballots for correspondence voting, special power-of-attorney forms for the representation of the shareholders in AGOA and AGEA, the total number of shares and the total number of voting rights are made available to the shareholders and they may be consulted or obtained by them either at the Company's head office, respectively at the Legal Department, every day, from Monday till Friday, between 7:00 and 15:00 hours, or on the Company's website (www.electromagnetica.ro/) in the section Company/Investors/General Meetings/2017, while the rules regarding the conduct of general meetings and the maintenance of the shareholders' rights may be seen in the section Company/Investors/Info/Corporate Governance.

One or more shareholders representing, whether individually or collectively, at least 5% of the capital stock has/have the right to: i) put items on the agenda of the general meeting, provided that each such item is accompanied by a justification or a draft resolution to be adopted in the general meeting and ii) to table draft resolutions for the items includes or proposed to be included on the agenda of the general meeting.

The proposals for the new items on the agenda and draft resolutions, together with the documents attesting the fulfillment of the conditions shall be sent within 15 days from the date of the notice of meeting, i.e. by 07.04.2017, 15:00 hours, as follows:

- in the form of a handwritten document lodged in a closed envelope at the secretarial office or sent by fast courier or by mail with acknowledgement of receipt, bearing the mention "FOR AGOA/AGEA OF 26 APRIL 2017" written in capital letters;
- in the form of a document with an attached extended electronic signature, according to Law no. 455/2001, sent to the address juridic@electromagnetica.ro, indicating in the subject box the words "FOR AGOA/AGEA OF 26 APRIL 2017", written in capital letters.

Irrespective of the number of shares they hold, the Company' shareholders may address to the Legal Department, in a closed envelope, questions about the items on the agenda of the general meeting, by 24 April 2017, 15:00 hours. The envelopes containing questions and attached documents shall bear the mention "FOR AGOA/AGEA OF 26 APRIL 2017" written in capital letters.”

In order to identify and prove the shareholder capacity, respectively the capacity of a shareholder's legal representative, the persons who address questions or make proposals to supplement the agenda shall send the following documents, whether in original or certified true copy: a statement of account attesting the shareholder capacity and the number of shares held, issued by Depozitarul Central or, if applicable, by the participants providing custody services for them, as defined in Article 168(1) (b) of Law no. 297/2004; a copy of the identity document or equivalent in the case of natural person shareholders, while in the case of legal entity shareholders, a copy of the identity document of the legal representative together with a finding certificate issued by the Trade Register or any other document attesting the legal representative capacity, issued by a competent authority from the state where the shareholder is registered, issued not earlier than 3 months before the publication date of the notice of meeting. The documents attesting the legal representative capacity, which are drawn up in a foreign language other than English shall be accompanied by a translation into Romanian or English, done by an authorized translator. Legal entity shareholders or the entities without legal personality which, before the reference date, provided the information on their legal representative to Depozitarul Central, so that they could be included in the shareholders' register at the reference date, shall not need to prove their capacity of shareholder's legal representative by sending the documents mentioned above.

Only the shareholders who at the reference date are found to be registered may attend the general meeting and exercise their voting rights either in person or by representative, based on a special or general power of attorney, or before the meeting, by mail, based on the ballot for correspondence voting.

The access of the shareholders and representatives to the meetings and/or the correspondence voting is allowed by simple proof of identity, as follows:

- Natural person shareholders – in person, based on identity document (identity card or ID bulletin for Romanian citizens, passport/identity paper for EU citizens, passport for non-EU citizens)
- Natural person shareholders – by representative, based on a special or general power of attorney and the representative's identity document;
- Legal entity shareholders – by legal representative, based on his/her identity document and the list of shareholders at the reference date, received from Depozitarul Central, while for the shareholders who failed to inform Depozitarul Central in due time about their relationship with their legal representative, based on a finding certificate issued by the Trade Register or any other official document, whether in original or in certified true copy, attesting the capacity of legal representative, which was issued by a competent authority not earlier than 3 months before the publication date of the notice of meeting.
- Legal entity shareholders – by appointee, based on a special or general power of attorney signed and stamped by the legal representative of the legal entity shareholder, accompanied by the identity document of the person who was appointed representative and the certified true copy of the finding certificate issued by the Trade Register or any other official document, whether in original or in certified true copy, attesting the capacity of legal representative of the principal of the power of attorney, issued by a competent authority, not earlier than 3 months before the publication date of the notice of meeting.

In the case of a special power of attorney for attending the meeting, given by a shareholder to a credit institution which provides custody services, the power of attorney shall be accompanied by a notarial statement of the institution subject to the trust mandate by special power of attorney, confirming the following: i) the credit institution provides custody services for the respective shareholder ii) the instructions mentioned in the special power of attorney are identical with the instructions contained in the SWIFT message received by the credit institution for voting on behalf of the respective shareholder; iii) the special power of attorney is signed by the shareholder. The special power of attorney and the notarial statement shall be lodged by the issuer in original copy, signed and stamped (where applicable).

For the shareholders who benefit from custody services, the ballot for correspondence voting, signed by the shareholder, may be sent without further documents being required, if it is accompanied by a notarial statement given by the legal representative of the credit institution, confirming the following: i) the credit institution provides custody services for the respective shareholder and ii) the ballot for correspondence voting is signed by the shareholder and contains voting options identical with those mentioned by the shareholder in a SWIFT message received by the credit institution from the respective shareholder. The ballot for correspondence voting and the notarial statement of the credit institution shall be lodged at the Company in original copy, signed by the legal representative of the credit institution and stamped (where applicable).

After completion, whether in Romanian or in English, the special or general power of attorney, respectively the ballot for correspondence voting, signed and stamped (where applicable), shall be sent to the Company, in a closed envelope bearing the mention "FOR AGOA/AGEA OF 26 APRIL 2017" written clearly in capital letters, by 24.04.2017, 13:00 a.m. for AGOA and by 14:00 a.m. for AGEA, otherwise the right to vote by representative or correspondence in the general meeting shall be lost in accordance with the legal provisions. Within the same terms specified above, the special or general powers of attorney and the ballots for correspondence voting may also be sent by e-mail with an attached extended electronic signature according to Law no. 455/2001, to the address juridic@electromagnetica.ro, indicating in the subject box: "FOR AGOA/AGEA OF 26 APRIL 2017".

The general powers of attorney shall be lodged only once before their first use, in certified true copy bearing the representative's signature, which will then be valid for any general meeting to be held within the validity term of the powers of attorney. A general power of attorney may be given for a maximum period of 3 years, provided that it is given by the shareholders, in their capacity of customer, to any agent defined in Article 2 (1) point 14 of Law no. 297/2004 on the capital market or to a lawyer and only if the representative is free of any conflict of interest which may particularly occur in one of the cases referred to in Article 243 (64) of Law no. 297/2004. The general powers of attorney shall be accompanied by a notarial statement given by the legal representative of the agent or by the lawyer who received the representation mandate through the general power of attorney, where to confirm the following:

- (i) The power of attorney is given by the respective shareholder, as customer, to his agent or lawyer (as applicable);
- (ii) The general power of attorney is signed by the shareholder, including by extended electronic signature attached, if applicable.

If the agenda is completed, the Company shall make available to the shareholders the notice of meeting, the special proxy forms and the updated postal ballot forms.

If the legal quorum is not attained in the general meeting convened on 26 April 2017, the second ordinary, respectively extraordinary general meeting shall be convened for 27 April 2017, in the same place, at the same time, having the same reference date and the same agenda.

At the date of this call, the capital stock of Electromagnetica SA is composed of 676.038.704 ordinary shares, each share conferring upon its holder a right to vote at the general meeting.

Any further information may be obtained at the Legal Department by phone – 021 4042129, 021 4042131, 021 4042132 or e-mail juridic@electromagnetica.ro."

Board of Directors Chairman
Eugen SCHEUSAN