

To the attention of Shareholders,
S.C. Hidroelectrica S.A.

INDEPENDENT AUDITOR'S REPORT

Report on the unconsolidated financial statements

1. We have audited the annexed unconsolidated financial statements of SC Hidroelectrica S.A. (The "Company") which comprise the unconsolidated balance sheet on 31 December 2012, unconsolidated profit and loss account, unconsolidated statements of equity changes and cash flows for the financial year ended on this date and a summary of significant accounting policies and other explanatory notes. The unconsolidated financial statements mentioned are:

Net assets / Total equity:	16,079,292,318 RON
Net result of the financial year:	508,010,530 RON, Loss

Management's responsibility for the unconsolidated financial statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the Minister of Public Finance Order no. 3055/2009 as amended, and for internal control that management considers necessary to enable the preparation of unconsolidated financial statements, that are free of material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is, as based on the audit, to express an opinion on these unconsolidated financial statements. We conducted our audit in accordance with auditing standards adopted by the Chamber of Financial Auditors of Romania. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the unconsolidated financial statements contain no material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's unconsolidated financial statements, to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, and evaluating the unconsolidated financial statements taken as a whole.

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

Basis for Reserved Opinion

6. As described in Note 5 to the unconsolidated financial statements attached, on 31 December 2012, the Company had long-term bank loans, according to which must meet certain conditions, including, among others, financial indicators calculated based on Company's consolidated financial statements prepared in accordance with International Financial Reporting standards adopted by the European Union for the financial year ended 31 December 2012, which are not available on the date of our report, being under preparation. Failure conditions stipulated in the respective loan agreements, including those related to financial indicators, could determine request for early repayment and, therefore, long-term portion of such loan agreements should be presented as short-term debt without affecting Company's equity. We were not able to determine in the course of our audit if were any corrections needed on the classification of long-term loans of the Company's financial statements 31 December 2012, if the analysis of Company's performance of financial indicators regarding such long-term loan agreements should have been possible.

7. Fixed assets in progress on December 31, 2012 totaling 4.638.380.730 RON include investments in progress of a total amount of 2.987.905.021 RON, started long ago, in various stages of completion at date of the balance sheet and for which completion there is no approved investment budget in the next period, facts representing indications of impairment. The Company has not conducted on December 31, 2012 an assessment of the impairment of those assets in progress, and we have not been able to determine in the course of our audit any corrections that were necessary for the financial year ended on that date, if such analysis would be performed.

8. As described in attached Notes 2 and 6 to the unconsolidated financial statements on 31 December 2012, the Company has not updated the actuary calculation provisions for pensions and similar obligations due to previous years, in the amount of 62,290,875 RON. We were not able to determine any corrections during our audit that would be necessary for the financial year ended 31 December 2012, if such an update based on an actuary calculation would be performed.

Opinion with reserves

9. In our opinion, except for the possible effects of the matters referred to in paragraphs 6 through 8, unconsolidated financial statements fairly presents, in all material respects, the unconsolidated financial position of SC Hidroelectrica S.A. on 31 December 2012, its unconsolidated financial performance, unconsolidated cash flows for the year then ended in accordance with the Minister of Public Finance no. 3055/2009 as amended and the accounting policies described in the notes to the unconsolidated financial statements.

Observations

10. We should draw attention to Note 6 and 13 to unconsolidated financial statements, stating that Company unconsolidated financial position and operating results are partially dependent on the decisions of the National Energy Regulatory Authority regarding prices for the supply and distribution of electricity on regulated market for distribution companies, changes of prices and / or decisions of the Romanian State, not being solely influenced by the Company's management decisions. However, as mentioned in Note 6, the energy sector suffers permanent restructuring, which could have a significant impact on Company, its future business and future income, as these issues diminish its influence on Company's unconsolidated operating result, and the recoverability of net accounting value of tangible assets used in the production of electricity. These unconsolidated financial statements do not include adjustments that might result from the outcome of these uncertainties. Our opinion does not express reservations about this aspect.

11. We draw attention to Note 15 and 16 of unconsolidated financial statements attached stating that on June 20, 2012 the company declared insolvency procedure to reorganize the business. At the date of our report the insolvency procedure is not completed, the Company is in the stage to finalize table of claims, then the reorganization plan. The annexed consolidated financial statements have been recorded in the preliminary table of claims, which is ongoing. In addition, as discussed in Note 16, there is an appeal to the table of claims that will be finalized and certain creditors whose appeals were rejected by the trial court appealed. Therefore, the final total may differ from the estimates included in the preliminary table of claims and management estimates that these differences will not be significant. The reorganization plan will be approved after completing the table of claims. These aspects indicate a significant uncertainty regarding the continuation of the Company. Continuing the Company's business depends on its ability to generate sufficient revenues in the next period, the continuing support of its creditors, shareholders and the decisions of the Romanian Government. The Company's management believes that the Company's management and legal administrator will continue to operate in the foreseeable future and, therefore, considers appropriate to use the going concern assumption for the preparation of unconsolidated financial statements for the year ended 31 December 2012. These unconsolidated financial statements do not include adjustments that might result from the outcome of these uncertainties. Our opinion does not express reservations about this.

Other aspects

12. Company's unconsolidated financial statements for the financial year ended December 31, 2011 have been audited by other auditors, whose report dated May 25, 2012 had expressed a qualified opinion on the classification of long-term bank loans of the Company on 31 December 2011 and drew attention to the fact that the price of electricity delivered on the regulated market by distribution and supplying companies is not only influenced by the decisions of the Company, being regulated by the National Energy Regulatory Authority.



13. This report is prepared solely for the Company's shareholders. Our audit has been prepared to report to the Company's shareholders those matters that are required to be included in an auditor's report, and not for other purpose. To the extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

14. Accompanying unconsolidated financial statements are not intended to present the unconsolidated financial position, unconsolidated results of operations and a set of notes to the unconsolidated financial statements in accordance with accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the unconsolidated financial statements attached are designed for those who are not aware of legal accounting regulations in Romania, namely the Minister of Public Finance Order no. 3055/2009 as amended.

Report on compliance of directors' report with the unconsolidated financial statements management

According to the Minister of Public Finance Order no. 3055/2009 as amended, article 318, section 2, we read the Directors' Report attached to unconsolidated financial statements. Directors' report is not part of the unconsolidated financial statements. In the directors' report, we have not identified historical financial information to be different in all material respects with the information presented in the attached unconsolidated financial statements.

Farrukh Khan, Audit Partner

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In the name of: DELOITTE AUDIT SRL

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Bucharest, Romania
May 30, 2013