

SOCIETATEA COMERCIALA DE PRODUCERE A  
ENERGIEI ELECTRICE IN HIDROCENTRALE  
“HIDROELECTRICA” SA

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FINANCIAL STATEMENTS  
On 31.12.2012

<div>Mark if necessary</div>		<div><input checked="" type="checkbox"/> Representative tax contributors submitting balance sheet in Bucharest</div>		Type of financial situation: BL	
		<div><input type="checkbox"/></div>		2012	
Company		SC HIDROELECTRICA SA			
Address	County		Sector		City
	Bucharest		Sector 1		Bucharest
	Street			No.	Block Entrance Apt. Phone
	CONSTANTIN NACU			3	
Registered at Trade Register		J40 7426 2000		Fiscal registration no.	
Type of ownership		27 - state owned company (> = 50%) and domestic private capital			
Object of activity (CAEN code and class )		3511 Production of electricity			
<div><input checked="" type="radio"/> Annual financial situations</div>		<div><input type="radio"/> Annual reports</div>			
<div><input checked="" type="radio"/> LONG</div>		<div><input type="checkbox"/> 1. entities that have chosen a different type of financial exercise, according to art. 27, paragr.3 of Accounting Law no. 82/1991, republished, with amendments and updates</div>			
<div><input type="radio"/> ABRIDGED</div>		<div><input type="checkbox"/> 2. Companies under liquidation process ,</div>			
<div><input type="radio"/> SIMPLE</div>		<div><input type="checkbox"/> 3. Romanian branches opened by resident companies in states belonging to European Economic Area</div>			
Annual financial statements ended on 31.12.2012 by entities whose financial exercise matches calendar year, except entities that have chosen for the simple accounting system.					
F10 – Balance sheet					
F20 – Profit and loss account					
F30 – Informative data					
F40 – Fixed assets situations					
<div>Indicators : Equity - total16,079,292,318</div> <div>Profit/ loss- 508,010,530</div>					
DIRECTOR,			PREPARED,		
Name Mihail Viorelian Stanculescu			Name: Aurel Lucian Cocos		
Signature and seal			Economic Manager		
<div>SIGNATURE BECOMES VALID AFTER CORRECT VALIDATION</div>			Signature		
			Registration number :		

## STATEMENT

According to provisions of art. 30 of the Accounting Law no. 82/1991

When prepared the unconsolidated annual financial statements on 31.12.2012 for:

### **SC HIDROELECTRICA SA**

County: 40 - Bucharest

Address: Bucharest, sector 2, 3 CONSTANTIN NACU Street,

Registered at Trader Register under no. : J40/7426/2000

Pattern of ownership: 27 - state owned company ( $> = 50\%$ ) and domestic private capital (CAEN code and class): 3511 - Production of electricity

Fiscal registration number: R013267213

The undersigned:

**Mihail Viorelian STANCULESCU** as General Manager

**Aurel Lucian COCOS** as Financial Manager

According to Article 10 paragraph (L) of the Accounting Law No. 82/1991 updated, we assume responsibility for the annual financial statements on 31.12.2012 and confirm the followings:

- a) The accounting policies used in preparing the unconsolidated financial statements are in accordance with applicable accounting regulations;
- b) Unconsolidated annual financial statements fairly present the financial position, financial performance and other information related to the performed activity;
- c) Legal person is operating in conditions of continuity.

Mihail Viorelian Stanculescu  
Director General



Aurel Lucian Cocos  
Director Financiar

A handwritten signature in black ink.

F 10-page. 1			
<b>BALANCE SHEET</b>			
on 31.12.2012			
Form 10		-ROL-	
Description	Row No.	Balance on:	
		01.01.2012	31.12.2012
A	B	1	2
<b>A. FIXED ASSETS</b>			
1. INTANGIBLE ASSETS			
1 .Setting up expenditures (acct.201 -2801)	01		
2. Development expenditures (acct.203-2803-2903)	02		
3. Lease, patents, licenses, trademarks, similar assets and rights, and other intangible assets (acct. 205 + 208 - 2805 - 2808 - 2905 - 2908)	03	5,958,115	4,304,496
4. Goodwill (acct.2071-2807-2907)	04		
5. Prepayment and ongoing intangible assets (acct.233+234-2933)	05		
TOTAL (row 01 to 05)	06	5,958,115	4,304,496
II. TANGIBLE ASSETS			
1. Land and constructions (acct. 211 +212-2811 -2812-2911 -2912)	07	12,549,989,571	12,027,590,006
2. Technical equipments and vehicles (acct. 213 + 223 - 2813 - 2913)	08	2,877,318,024	3,046,025,595
3. Other installations, equipments and furniture (acct. 214 + 224 - 2814 - 2914)	09	29,205,231	22,287,785
4. Prepayments and ongoing tangible assets (acct. 231 + 232 - 2931)	10	4,816,164,956	4,752,131,130
TOTAL (row 07 to 10)	11	20,272,677,782	19,848,034,516
III. FINANCIAL ASSETS			
1. Shares in affiliated entities (acct. 261 - 2961)	12	58,039,420	58,039,420
2. Loans to affiliated entities (acct. 2671 + 2672 - 2964)	13		
3. Participating interests (acct. 263 - 2962)	14		
4. Loans granted to entities the company is connected to by virtue of participating interests (acct. 2673 + 2674 - 2965)	15		
5. Investments as fixed assets (acct. 265 - 2963)	16	900	900
6. Other loans (acct. 2675 <sup>+</sup> + 2676* + 2677 + 2678 <sup>+</sup> + 2679 - 2966 – 2968* )	17	2,404,636	3,317,140
TOTAL (row 12 to 17)	18	60,444,956	61,357,460
FIXED ASSETS - TOTAL (row 06 + 11 + 18)	19	20,339,080,853	19,913,696,472
<b>B. CURRENT ASSETS</b>			
1. INVENTORY			
1. Raw materials and consumables (acct. 301 + 321 + 302 + 322 + 303 + 323 +/-308 + 351 + 358+ 381 + 328 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	20	104,694,692	106,690,199
2. Ongoing production (acct. 331 + 332 + 341 +/- 348 - 393 - 3941 - 3952)	21		
3. Products and goods (acct. 345 + 346 +/- 348* + 354 + 356 + 357 + 361 + 326 +/-368 + 371 +327 +/- 378 - 3945 - 3946 - 3953 - 3954 - 3956 - 3957 - 396 - 397 - 4428)	22	136,456	115,376
4. Prepayment for inventory purchases (acct. 4091)	23		20,373
TOTAL (row 20 to 23)	24	104,831,148	106,825,948
II. RECEIVABLES (Amounts to be collected after a period longer than one year should be presented separately for each item)			
F 10 -page. 2			
1. Commercial receivables (acct.2675* + 2676 +2678" +2679* -2966* - 2968* + 4092 + 411 +413 + 418-491)	25	339,686,121	226,429,910
2. Amounts receivable from affiliated entities (acct. 451**- 495* )	26	1,451,706	5,955,620
3. Receivables from entities the company is connected to by virtue of participating interests (acct. 453 – 495* )	27		
4. Other receivables (acct. 425 + 4282 + 431** + 437** + 4382 + 441**+ 4424 + 4428** + 444** + 445 + 446" + 447**+ 4482 + 4582 + 461 + 473* - 496 + 5187)	28	76,940,376	13,861,560
5. Subscribed and not paid in share capital (acct. 456 - 495 )	29		124,410
TOTAL (row 25 to 29)	30	418,078,203	246,371,500
III. SHORT-TERM INVESTMENTS			
1. Shares in affiliated entities (acct. 501 - 591)	31		
2. Other short term investments (acct. 505 + 506 + 508 - 595 - 596 - 598 + 5113 + 5114)	32	11,795,247	1,629,315
TOTAL (rows 31 +32)	33	11,795,247	1,629,315

IV. CASH AND BANK ACCOUNTS (acct. 5112 + 512 + 531 + 532 + 541 + 542)	34	77,151,977	55,370,268
ACCOUNTS RECEIVABLES - TOTAL (rows 24 + 30 + 33 + 34)	35	611,856,575	410,197,031
C. ADVANCE CONTRIBUTION (acct. 471)	36	11,385,684	2,149,717
D. DEBTS: AMOUNTS TO BE PAID WITHIN LESS THAN ONE YEAR			
1. Debenture loans, separately presenting convertible debenture loans (acct. 161 + 1681 -169)	37		
2. Amounts owed to credit institutions (acct. 1621 +1622 + 1624 + 1625 + 1627 + 1682 + 5191 +5192 + 5198)	38	1,099,015,938	1,069,917,024
3. Advances received for orders (acct. 419)	39	38,056,837	26,434,214
4. Commercial debts - suppliers (acct. 401 + 404 + 408)	40	1,125,993,522	1,022,085,271
5. Bills of exchange payable (acct, 403 + 405)	41		
6. Amounts due to affiliates (acct. 1661 + 1685 + 2691 + 451***)	42		
7. Amounts due to entities the company is connected to by virtue of participating interest (acct. 1663+1686+2692+ 453***)	43		
8. Other debts, including tax liabilities and social security liabilities (acct. 1623 + 1626 + 167 + 1687 + 2693 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437*** + 4381 +441***+4423 +4428**- +444*** + 446*** + 447*** +4481 +455 + 456*** + 457 + 4581 +462 + 473***+ 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	44	376,089,987	482,645,496
TOTAL (rows 37 to 44)	45	2,639,156,284	2,601,082,005
E. NET CURRENT ASSETS/ NET CURRENT LIABILITIES (rows 35 + 36 - 45 - 63)	46	-2,015,937,787	-2,190,388,405
F. TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 19 + 46)	47	18,323,143,066	17,723,308,067
G. DEBTS: AMOUNTS TO BE PAID WITHIN MORE THAN ONE YEAR			
1. debenture loans, separately presenting convertible debenture loans (acct. 161 + 1681 -169)	48		
2. Amounts owed to credit institutions (acct. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 +5192 + 5198)	49	1,418,916,806	1,201,802,592
3. Advances received for orders (acct. 419)	50		
4. Commercial debts - suppliers (acct. 401 + 404 + 408)	51		
5. Bills of exchange payable (acct. 403 + 405)	52		
6. Amounts due to affiliates (acct. 1661 + 1685 + 2691 + 451***)	53		
7 Amounts due to entities the company is connected to by virtue of participating interest (acct. 1663 + 1686 + 2692 + 453***)	54		
F 10-page. 3			
8. Other debts, including tax liabilities and social security liabilities (acct. 1623 + 1626 + 167 + 1687 + 2693 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 437***+4381 +441***+4423+ 4428***+444***+446***+ 447***+ 4481 +455 + 456*** + 4581 +462 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	55	88,678,076	86,510,420
TOTAL (rows 48 to 55)	56	1,507,594,882	1,288,313,012
H. PROVISIONS			
1. Provisions for pensions an similar obligations (acct. 1515)	57	62,290,875	62,290,875
2. Provisions for taxes (acct. 1516)	58		
3. Other provisions (acct. 1511+1512+1513+1514+1518)	59	22,428,096	99,171,993
TOTAL (rows 57 to 59)	60	84,718,971	161,462,868
I. DEFERRED INCOME			
1. Subsidies for investments (acct. 475)	61	201,823,865	194,239,869
2. Deferred income (acct. 472) - total (rows 63 + 64), out of which:	62	23,762	1,653,148
Amounts resumed for a period less than one year (acct. 472*)	63	23,762	1,653,148
Amounts resumed for a period longer than one year (acct. 472*)	64		
3. Income received as advance for assets received by transfer from clients (acct.478)	65		
Negative goodwill (acct.2075)	66		
TOTAL (rows 61+62+65+66)	67	201,847,627	195,893,017
J. EQUITY AND RESERVES			
I. EQUITY			
1. Subscribed and paid in share capital (acct. 1012)	68	4,449,514,450	4,475,643,070
2. Subscribed and unpaid in share capital (acct. 1011)	69	24,983,220	3,763,100
3. State owned corporations patrimony (acct. 1015)	70		
4. Patrimony of research-development national institutions	71		

TOTAL (rows 67 to 71)	72	4,474,497,670	4,479,406,170
II. SHARE PREMIUM ACCOUNT (acct.104)	73		
III. REVALUATION RESERVES (acct. 105)	74	10,976,882,712	11,131,250,166
IV. RESERVES			
1. Legal reserves (acct. 1061)	75	58,616,281	56,968,396
2. Statutory or contractual reserves (acct. 1063)	76		
3. Reserves representing surplus from revaluation reserves (acct. 1065)	77	852,004,521	931,705,456
4. Other reserves (acct. 1068)	78	128,123,867	128,123,867
TOTAL (rows 73 to 78)	79	1,038,744,669	1,116,797,719
Own shares (acct. 109)	80		
Profit connected to equity instruments (acct. 141)	81		
Loss connected to equity instruments (acct. 149)	82		
V. CARRIED FORWARD PROFIT OR LOSS BALANCE CREDIT (acct.117)	83		
BALANCE DEBIT (acct.117)	84	5,124,460	179,497,856
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR BALANCE CREDIT (acct. 121)	85	6,444,266	0
BALANCE DEBIT (acct. 121)	86		508.010.530
Profit allocation (acct. 129)	87	1.647.885	
OWN EQUITY - TOTAL (rows 72+ 73+74+79-80+81-82+83-84+85-86+87)	88	16,489,796,972	16,039,945,669
F 10 – page 4			
Public patrimony (acct. 1016)	89	39,208,376	39,346,649
EQUITY - TOTAL (rows 88 + 89) (rows 47-56-60-61-64-65)	90	16,529,005,348	16,079,292,318

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\*) Accounts assigned to the nature of the respective elements.  
\*\*) Debit balances of the account.  
\*\*\*) Credit balances of the account.  
Row 25 – Amounts registered were taken from accounts 2675 to 2679 representing receivables related to financial leasing contracts or other similar contracts due within a period less than 12 months.

Director

Mihail Viorelian Stanculescu

Director General



Prepared by

Aurel Lucian Cocos

Director Finaholar



PROFIT AND LOSS ACCOUNT

on 31.12.2012

Form 20

- RON -

Description	Row No.	Financial year	
		2011	2012
A	B	1	2
1. Net turnover ( <b>rows 02+03-04+05+06</b> )	01	3,020,591,574	2,402,785,281
Sold production (acct.701 +702+703+704+705+706+708)	02	3,017,497,114	2,398,927,493
Sales of merchandise (acct. 707)	03	3,094,460	3,857,788
Discounts (acct. 709)	04		
Revenues from interests registered by entities removed from General Register who have on-going leasing contracts (acct.766*)	05		
Operational subsidies corresponding to net turnover (acct.7411)	06		
2. Revenue expenditures of ongoing production (acct.711+712)			
Credit balance	07		
Debit balance	08		
3. Stored production (acct.721+722)	09	3,520,106	73,098
4. Other operating revenues (acct.758+7417+7815)	10	22,937,737	15,557,054
-out of which, negative goodwill	11		
OPERATING REVENUES - TOTAL ( <b>rows 01 + 07 - 08 + 09 + 10</b> )	12	3,047,049,417	2,418,415,433
5. a) Raw materials and consumables expenditures (acct.601 +602-7412)	13	19,946,663	14,487,432
Other material expenditures (acct.603+604+606+608)	14	4,616,042	2,387,854
b) Other external expenditures (electricity and water)(acct.605-7413)	15	1,078,573,777	350,085,867
c) Expenditures regarding merchandise (acct.607)	16	2,582,099	1,561,810
Received discounts (ct, 609)	17		1,544
6. Personnel connected expenses ( <b>rows 19 +20</b> )	18	424,335,206	418,863,325
a) Salaries & allowances (acct.641+642+643+644-7414)	19	327,009,876	322,419,585
b) Insurance and social security (acct.645-7415)	20	97,325,330	96,443,740
7.a)Value adjustment regarding tangible and intangible assets ( <b>rows 22 - 23</b> )	21	733,298,292	1,227,207,693
a.1) Expenditures (acct.6811+6813)	22	733,575,227	1,236,855,011
a.2) Revenues (acct.7813)	23	276,935	9,647,318
b) Adjustment of current assets value ( <b>rows 25 - 26</b> )	24	4,594,261	15,321,838
b.1) Expenditures (acct.654+6814)	25	5,275,274	39,788,960
b.2) Revenues (acct.754+7814)	26	681,013	24,467,122
8. Other operating expenses ( <b>rows 28 to 31</b> )	27	635,198,766	643,503,384
8.1. Expenditures related to third party services (acct.611 +612+613+614+621+622+623+624 +625+626+627+628-7416)	28	583,299,175	527,860,224
8.2. Taxes, duties and similar payments (acct.635)	29	8,378,320	9,240,121
F 20 – page 2			
8.3. Other expenditures (acct.652+658)	30	43,521,271	106,403,039
Expenditures from interests registered by entities removed from General Register who have ongoing leasing contracts (acct.666*)	31		
Adjustment of provisions ( <b>rows 33 - 34</b> )	32	-17,254,858	66,547,577
- Expenditures (acct.6812)	33	975,727	76,387,802
- Revenues (acct.7812)	34	18,230,585	9,840,225
OPERATING EXPENDITURES - TOTAL (rows 13 to 16-17+18+21+24+27+32)	35	2,885,890,248	2,739,965,236
OPERATING PROFIT OR LOSS:			
- Profit ( <b>rows 12-35</b> )	36	161,159,169	0
- Loss ( <b>rows 35-12</b> )	37	0	321,549,803
9. Revenues from shareholdings (acct.7611 +7613)	38	6,652,236	4,727,487
- out of which, revenues from affiliated entities	39		
10. Revenues from other financial investments and receivables which are part of the fixed assets (acct.763)	40		
- out of which, revenues from affiliated entities	41		
11. Revenues from Interest (acct.766*)	42	2,253,494	1,454,840
- out of which, revenues from affiliated entities	43		
Other financial revenues (acct.762+764+765+767+768)	44	129,039,533	137,408,099
FINANCIAL REVENUES - TOTAL ( <b>rows 38 + 40 + 42 + 44</b> )	45	137,945,263	143,590,426

12. Adjustment of financial fixed assets and financial investment held as current assets (rows 47 - 48)	46		
- Expenditures (acct.686)	47		
- Revenues (acct.786)	48		
13. Interest expenditures (acct.666*-7418)	49	102,926,484	115,815,603
- out of which, expenditures connected to affiliated entities	50		
Other financial expenditures (acct. 663+664+665+667+668)	51	156,568,004	193,846,375
FINANCIAL EXPENDITURES - TOTAL (rows 46 + 49 + 51)	52	259,494,488	309,661,978
FINANCIAL PROFIT OR LOSS			
- Profit (rows 45 - 52)	53	0	0
-Loss (rows 52-45)	54	121,549,225	166,071,552
14. CURRENT PROFIT OR LOSS:			
-Profit (rows 12 + 45-35-52)	55	39,609,944	0
- Loss (rows 35 + 52 -12 - 45)	56	0	487,621,355
15. Extraordinary revenues (acct.771)	57		
16. Extraordinary expenditures (acct.671)	58		
17. PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITY:			
- Profit (rows 57 - 58)	59	0	0
- Loss (rows 58 - 57)	60	0	0
TOTAL REVENUES (rows 12 + 45 + 57)	61	3,184,994,680	2,562,005,859
F 20 – page 3			

TOTAL EXPENDITURES (rows 35 + 52 + 58)	62	3,145,384,736	3,049,627,214
GROSS PROFIT OR LOSS:			
- Profit (rows 61 -62)	63	39,609,944	0
-Loss (rows 62-61)	64	0	487,621,355
18. Income tax (acct.691)	65	33,165,678	20,389,175
19. Other taxes not included in the above elements (acct.698)	66		
20. NET PROFIT OR LOSS OF THE FINANCIAL EXERCISE:			
-Profit (rows 63-64-65-66)	67	6,444,266	0
- Loss (rows 64 + 65 + 66 - 63)	68	0	508,010,530

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\*) Accounts assigned according to nature of the respective elements.  
Row 19 – this raw includes also collaborators’ rights, established according to labor legislation, taken from debtor turnover account 621 “Expenditures with collaborators” analytic “Collaborators natural persons”

Director

Mihail Viorelian Stanculescu

Director General



Prepared by

Aurel Lucian Cocos

Director Financiar





**INFORMATIVE DATA**  
**On 31.12.2012**

- Ron -

<b>1. Data regarding registered result</b>	<b>Row</b>	<b>No. of units</b>	<b>Amounts</b>	
A	B	1	2	
Units with profit	01			
Units with losses	02	1	508,010,530	
Units with no profit and no losses	03			
<b>II Data regarding due payments</b>	<b>Row</b>	<b>Total, out of which:</b>	<b>For current activity</b>	<b>For investment activity</b>
A	B	1=2+3	2	3
Due payments-total ( <b>row</b> 05 +09 + 15 la 19 + 23)	04	1,058,577,409	767,826,259	290,751,150
Outstanding suppliers - total ( <b>row</b> 06 la 08)	05	706,715,197	420,032,287	286,682,910
- over 30 days	06	42,868,273	550,705	42,317,568
- over 90 days	07	391,315,418	221,524,498	169,790,920
- over 1 year	08	272,531,506	197,957,084	74,574,422
Outstanding liabilities to social security - total ( <b>row</b> 10la14)	09			
- State social insurance contributions paid by employers, employees and other persons treated	10			
- Contributions to social security health	11			
- Contribution to supplementary pension	12			
- Contributions for unemployment insurance	13			
- Other social debts	14			
Outstanding liabilities to special funds and other funds	15			
Outstanding obligations to other creditors	16	306,527,711	302,459,471	4,068,240
Taxes not paid on the state budget deadline	17	45,334,501	45,334,501	
Taxes not paid on time to local budgets	18			
Bank loans not reimbursed at maturity -total ( <b>row</b> 20 la 22)	19			
- outstanding after 30 days	20			
- outstanding after 90 days	21			
- outstanding after 1 year	22			
Outstanding interest	23			
<b>III. Average number of employees</b>	<b>Row</b>	<b>31.12.2011</b>	<b>31.12.2012</b>	
A	B	1	2	
Average number of employees	24	5,243	5,199	
The actual number of existing employees at the end of financial exercise	25	5,218	5,115	

F30 - page. 2		
	Row	Amounts (RON)
A	B	1
<b>IV. Payment of interest, dividends and royalties</b>		
Gross income from interest paid by Romanian legal entities to non-resident individuals, of which:	26	
- tax to the state	27	
Gross income from interest paid by Romanian legal entities to individuals resident in EU member states, of which:	28	
- tax to the state	29	
Gross income from interest paid by Romanian legal entities to resident affiliated legal entities*), in which:	30	
- tax to the state	31	
Gross income from interest paid by Romanian legal entities to affiliated legal persons resident in Member States of the European Union, of which:	32	
- tax to the state	33	
Gross dividend income paid by Romanian legal entities to non-residents, of which:	34	
- tax to the state	35	
Gross dividend income paid by Romanian legal entities to resident affiliated legal entities *) of which:	36	
- tax to the state	37	
Income from royalties paid by Romanian legal entities to affiliated legal entities *) resident in the Member States of the European Union, of which:	38	
- tax to the state	39	
Royalties paid during the year for goods from the public, received concessions from the:	40	
- royalties for the public goods paid from the state budget	41	2,392,495
Mining royalty	42	
Grants received during the year, including:	43	
- Grants received during the year for assets	44	
- Grants related to income, of which:	45	
- subsidies to stimulate employment **)	46	
Outstanding claims that have not been received within the time provided in commercial contracts and / or normative acts, of which:	47	7,705,224
- outstanding receivables from entities wholly or majority state sector	48	214,294
- outstanding claims from private sector entities	49	7,490,930
	<b>Row</b>	<b>Amounts (RON)</b>
A	B	1
<b>V. Meal vouchers</b>		
The value of meal vouchers to employees	50	9,957,600

F30 - page. 3			
	Row	31.12.2011	31.12.2012
<b>VI. Costs incurred for research – development activity *** )</b>			
A	B	1	2
Costs incurred for research - development, of which:	51		
- from public funds	52		
- from private funds	53		
<b>VII. Innovation costs</b>			
Innovation costs - total (row 55 la 57)	54		
- innovation expenditure completed during the period	55		
- Innovation expenditure being finalized during the period	56		
- Innovation expenditure abandoned during the period	57		
<b>VIII. Other information</b>			
Advance payments for intangible assets (acct. 234)	58		
Advance payments for tangible assets (acct.232)	59	193,147,064	115,072,484
Financial assets, as gross amounts (row 61+69)	60	60,444,956	61,357,460
Shares in subsidiaries, equity, other investments and bonds as gross amounts (row 62 to 68)	61	58,040,320	58,040,320
- quoted shares issued by residents	62	900	900
- non-quoted shares issued by residents	63	58,039,420	58,039,420
- shares issued by residents	64		
- bonds issued by residents	65		
- shares issued by collective investment undertakings issued by residents	66		
- shares and social parts issued by non-residents	67		
- bonds issued by non-residents	68		
Receivables as gross amounts (rd. 70+71)	69	2,404,636	3,317,140
- Receivables denominated in RON and RON, whose settlement is made on the rate of a currency (of acct. 267)	70	2,404,636	3,317,140
- foreign currency receivables (din ct. 267)	71		
Trade receivables, advances to suppliers and other similar accounts as gross amounts (acct. 4092 + 411 +413 + 418), of which:	72	352,000,152	254,191,206
- foreign trade receivables, advances to suppliers and other similar accounts external as gross amounts (from acct. 4092 + 411 + 413 + 418)	73	332,677	6,248,519
Uncollected trade receivables in arrears (from acct. 4092 + from acct. 411 + from acct. 413)	74	28,724,742	7,705,224
Claims in relation to staff and similar accounts (acct. 425 + 4282)	75	140,847	66,865
Claims in relation to social security and state budget (acct. 431 + 437 + 4382 + 441 + 4424 + 4428 + 444 + 445 + 446 + 447 + 4482), (row 77 to 81)	76	72,239,891	10,697,016
- Claims in relation to social security budget (acct.431 +437+4382)	77		
- tax claims in connection State budget (acct.441 +4424+4428+444+446)	78	69,364,379	9,867,751
- grants receivable (acct.445)	79		
- special funds - taxes and similar payments (acct.447)	80		
- other claims in connection to state budget (acct.4482)	81	2,875,512	829,265
Claims of the entity in relationships with affiliated entities (acct.451)	82	1,451,706	5,955,620

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Claims in relation to social security and uncollected state budget set deadline (from acct. 431 + from acct. 437 + from acct. 4382 + from acct. 441 + from acct. 4424 + from acct. 4428 * from acct. 444 * from acct, 445 + from acct. 446 + from acct. 447 + from acct. 4482)	83		
Other claims (ct. 453 + 456 + 4582 + 461 + 471 + 473), (row 85+86+87)	84	15,952,224	5,272,930
- Settlements of participating interests, settlement with shareholders / associates regarding capital, venture settlement operations (acct.453+456+4582)	85		
- other receivables related to natural and legal persons other than claims in connection with public / state institutions) (from acct. 461 + from acct. 471 + from acct.473)	86	15,952,224	5,272,930
- amounts taken from account 542, representing cash advances granted by law and settled by the balance sheet (from acct. 461)	87		
Interest receivable (acct. 5187) , of which:	88	46,918	44,037
- from non residents	89		
The loans granted to economic operators *****)	90		
Short-term investments as gross amounts (acct. 501 + 505 + 506 + from acct.508), (row 92 la 98)	91		
- quoted shares issued by residents	92		
- non-quoted shares issued by residents	93		
- shares issued by residents	94		
- bonds issued by residents	95		
- shares issued by collective investment undertakings issued by residents	96		
- shares and social parts issued by non-residents	97		
- bonds issued by non-residents	98		
Other amounts receivable (acct. 5113 + 5114)	99		
Cash in RON and foreign currency (row 101+102)	100	394,446	311,305
-in RON (acct.5311)	101	339,412	296,085
-in foreign currency (acct.5314)	102	55,034	15,220
Current accounts with banks in domestic and foreign currency (row 104+106)	103	75,105,962	53,898,193
-in RON (acct. 5121), of which:	104	64,489,056	48,275,271
- Current accounts with nonresident banks in RON	105		
-in foreign currency (acct. 5124), of which:	106	10,616,906	5,622,922
- Current accounts at nonresident banks in foreign currency	107		
Other accounts in bank and letters, (row 109+110)	108	309,978	8,790
- amounts in course of settlement, letters and other receivable amounts in RON (acct. 5112 + 5125 + 5411)	109	309,978	8,790
- amounts under letters of credit and in foreign currency settlement (from acct. 5125 + 5412)	110		
Liabilities (row 112 +115 + 118 + 121 +124 + 127 + 130+133 + 136 + 139 + 142 + 143 + 147+149 + 150+155 + 156 + 157 + 163)	111	4,147,042,744	3,891,190,208
Debenture loans as gross amounts (ct. 161 ),(row 113+114)	112		
- in RON	113		
-in foreign currency	114		
Interest on loans from bonds in gross amounts (acct.1681), (row 116+117)	115		
- in RON	116		
-in foreign currency	117		

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Short term bank loans (acct. 5191 +5192 + 5197 ), (row 119+120)	118	736,431,619	668,428,864
- in RON	119	522,755,379	436,806,930
-in foreign currency	120	213,676,240	231,621,934
Interests to short term bank loans (from acct. 5198), (row 122+123)	121		
- in RON	122		
-in foreign currency	123		
Short-term foreign bank loans (acct. 5193+5194+5195), (rd .125+126)	124		
- in RON	125		
-in foreign currency	126		
Interest on short-term foreign bank loans (din acct. 5198), (row 128+129)	127		
- in RON	128		
-in foreign currency	129		
Long term credit loans (acct. 1621 + 1622 + 1627), (row 131-1-132)	130	1,500,110,485	1,371,489,126
- in RON	131		
-in foreign currency	132	1,500,110,485	1,371,489,126
Interests due to long term credit loans (din acct. 1682) (row 134+135)	133	14,816,249	8,799,328
- in RON	134		
-in foreign currency	135	14,816,249	8,799,328
Long-term foreign bank loans (acct. 1623 + 1624 + 1625) (row 137+138)	136	265,000,364	223,002,298
- in RON	137		
-in foreign currency	138	265,000,364	223,002,298
Interest on long-term foreign bank loans (din acct. 1682) (row 140+141)	139	1,574,026	
- in RON	140		
-in foreign currency	141	1,574,026	
Appropriations from the state treasury and interest thereon (acct. 1626 + din acct. 1682)	142		
Other loans and related interest (acct. 166+ 167 + 1685 + 1686 + 1687) (row 144+145)	143	128,607,696	140,234,129
- in RON and expressed in RON, whose settlement is made on the rate of a currency	144	106,523,875	140,234,129
- in foreign currency	145	22,083,821	0
The value of concessions received (din acct. 167)	146		
Trade payables, advances received from customers and other similar accounts as gross amounts (acct. 401 + 403 + 404 + 405 + 408 + 419), din care:	147	1,164,050,359	1,048,519,486
- Foreign trade payables, advances received from external customers and other similar accounts in gross amounts (from acct. 401+ from acct. 403 + from acct. 404 + from acct. 405 + from acct. 408 + from acct. 419)	148	108,495,207	163,255,116
Liabilities related to personnel and similar accounts (acct. 421 + 423 + 424 + 426 + 427 + 4281)	149	14,148,485	21,077,022
Liabilities related to social security and state budget (acct. 431 + 437 + 4381 +441 +4423+4428 + 444 + 446 + 447 + 4481) (row 151 la 154)	150	52,579,982	96,577,433
- Liabilities related to social security (acct. 431 +437+4381)	151	11,630,540	11,406,024

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- tax liabilities in connection to State budget (acct.441 +4423+4428+444+446)	152	40,876,563	84,338,398
- special funds - taxes and similar payments (acct.447)	153	72,879	268,876
- other liabilities in connection to State budget (acct.4481)	154		564,135
Liabilities in relationships with affiliated entities (acct.451)	155		
Amounts due to shareholders / associates (acct.455)	156		
Ohter liabilities (acct. 453 + 456 + 457 + 4581 + 462 + 472 + 473 + 478 + 269 + 509) row (158 to 162)	157	269,643,173	313,008,758
- settlements of participation interest, settlements with shareholders / associates capital, venture settlement operations (acct.453+456+457+4581)	158	258,631,200	252,362,228
- other liabilities in connection with natural and legal persons other than liabilities in connection with public institutions (public institutions) i) (from acct. 462+from acct. 472+from acct. 473)	159	11,011,973	60,646,530
- subsidies which were not resumed (from acct. 472)	160		
- Amounts payable for financial assets and short-term investments (acct.269+509)	161		
- accrued income related to assets received by transfer from customers (acct. 478)	162		
Interests to be paid (acct. 5186)	163	80,306	53,764
The loans received from operators *****)	164		
Subscribed capital (acct. 1012), of which:	165	4,449,514,450	4,475,643,070
- listed shares 2)	166		
-non listed shares 3)	167	4,449,514,450	4,475,643,070
- social parts	168		
- Capital subscribed and paid by non-residents (from acct. 1012)	169		
Patents and licenses (from acct. 205)	170	18,728	18,728
<b>IX. Information on collaborators expenses</b>			
Information on collaborators expenses (acct. 621)	171		
<b>X. Information on assets in the public domain</b>			
The value of goods in the public domain under management	172		
The value of goods in the public domain in concession	173	39,208,376	39,346,649
The value of goods in the public domain leased	174		
<b>XI. Subscribed and paid in capital (acct. 1012), (row 176+179+183 + 184 + 185 + 186)</b>	175	4,449,514,450	4,475,643,070
- owned by public institutions, (row 177+178)	176	3,562,107,740	3,583,025,290
- owned by public institutions of central subordination	177	3,562,107,740	3,583,025,290
- owned by public institutions of local subordination	178		
- owned by state-owned companies, of which:	179		
- state fully owned	180		
- majority state capital	181		
- minority state-owned	182		

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- owned by autonomous administrations	183		
- owned by private companies	184	887.406.710	892.617.780
- owned by individuals	185		
- owned by other entities	186		
<b>XII. Dividends of state-owned companies and similar of autonomous administrations, of which:</b>	187		
- Dividends / Payments for 2012, distributed to public institutions, in which:	188		
- public institutions of central subordination	189		
- public institutions of local subordination	190		
dividends / payments from the profit of 2011, paid by public institutions, of which:	191		
- public institutions of central subordination	192		
- public institutions of local subordination	193		
- dividends / payments from the profit for the year prior to the year 2011 paid by public institutions, of which:	194		
- public institutions of central subordination	195	30.598.289	30.598.289
- public institutions of local subordination	196		

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*\*) For the status of "corporate affiliates" will be considered art. 7 para. (I) section 21 of Law no. 571/2003 regarding the Fiscal Code, as amended and supplemented.*

*\* \*) Grants to stimulate employment (transfers from the state budget by the employer) - the amounts granted to employers to pay graduates of educational institutions, encouraging unemployed falling employment before the expiry of the period of unemployment, encouraging employers to hire unemployed persons aged over 45, unemployed single providers of family support or unemployed persons that within 3 years from the date of employment qualify for early retirement or partial request for a pension for old age or for other cases provided by legislation on unemployment insurance system and employment stimulation.*

*\*\*\*) To be completed with the expenditure incurred for R & D, i.e. basic research, applied research, technological development and innovation, established under the provisions of Government Ordinance no. 57/2002 regarding scientific research and technological development, approved with amendments and completions by Law no. 324/2003, as amended and supplemented.*

*\*\*\*\*) Innovation expenses are determined according to Regulation (EC) no. 1450/2004 of 13.08.2004 implementing Decision No. 1608/2003/EC of the European Parliament and of the Council concerning the production and development of Community statistics on innovation, published in the Official Journal of the European Union, series L no. 267/14.08.2004.*

*\*\*\*\*\*) Operators means less economic operators in the financial sector (credit institutions, non-banking financial institutions, entities regulated and supervised by the Insurance Supervisory Commission of the Private Pension System Supervisory Commission National Securities ) re-classified companies in the government and non-profit institutions serving households.*

*1) Under "Other liabilities related to natural and legal persons, other than liabilities in connection with public institutions (state institutions)" should not be included subsidies for existing income account balance 472.*

*2) Securities conferring property rights on corporations, which are not negotiable and traded under the law*

*3) Securities conferring property rights on corporations, which are not traded.*

DIRECTOR	PREPARED,
Name and surname	Name and surname
Mihail Viorelian Stanculescu	Aurel Lucian Cocos
Seal of Hidroelectrica SA	as Economic Manager

STATEMENT OF FIXED ASSETS  
On 31.12.2012

Items of fixed assets	R O W	Gross amounts				
		Initial balance	Increase	Discounts		Final balance (col.5=1+2-3)
				Total	dismantling and disposal	
A	B	1	2	3	4	5
Intangible assets						
Expenses and development expenses	01	9,000			X	9,000
other assets	02	26,320,029	936,810	903,078	X	26,353,761
Advances and intangible assets in progress	03		97,246	97,246	X	0
TOTAL (row 01 to 03)	04	26,329,029	1,034,056	1,000,324	X	26,362,761
Tangible assets						
Lands	05	729,970,055	274,232,777	307,033,666	X	697,169,166
Constructions	06	14,637,443,014	969,371,380	4,259,226,150		11,347,588,244
Plant and machinery	07	5,771,367,381	757,878,363	3,416,276,789		3,112,968,955
Other equipment and furniture	08	62,949,158	2,523,066	39,747,340		25,724,884
Advances and tangible assets in progress	09	4,817,487,040	803,468,592	867,502,418		4,753,453,214
TOTAL (row 05 to 09)	10	26,019,216,648	2,807,474,178	8,889,786,363		19,936,904,463
Financial assets	11	60,444,956	1,239,411	326,907	X	61,357,460
FIXED ASSETS - TOTAL (row 04+10+11)	12	26,105,990,633	2,809,747,645	8,891,113,594		20,024,624,684

Situation of fixed assets depreciation

Items of fixed assets	Row	Initial balance	Depreciation during the year	Depreciation of fixed written off	Depreciation at the end of year (col.9=6+7-8)
A	B	6	7	8	9
Intangible assets					
Expenses and development expenses	13	9,000			9,000
Other assets	14	20,361,914	2,590,429	903,078	22,049,265
TOTAL (row 13+14)	15	20,370,914	2,590,429	903,078	22,058,265
Tangible assets					
Tangible assets	16	4,674,892	1,032,981	5,707,873	0
Lands	17	2,812,748,606	655,208,332	3,467,652,035	304,903
Constructions	18	2,894,036,702	366,922,848	3,195,813,435	65,146,115
Other equipment and furniture	19	33,730,481	5,722,660	36,029,478	3,423,663
TOTAL (Row 16 la 19)	20	5,745,190,681	1,028,886,821	6,705,202,821	68,874,681
DEPRECIATION - TOTAL (row 15 +20)	21	5,765,561,595	1,031,477,250	6,706,105,899	90,932,946



STATEMENT OF ADJUSTMENTS FOR DEPRECIATION

Items of fixed assets	Row	Initial balance	Adjustments registered during the year	Adjustments reversed to income	Final balance (col. 13=10+11-12)
A	B	10	11	12	13
Intangible assets					
Expenses and development expenses	22				
Other fixed assets	23				
Advances and intangible assets in progress	24				
TOTAL (row 22 to 24)	25				
Tangible assets					
Lands	26				
Constructions	27		21,615,136	4,752,635	16,862,501
Plant and machinery	28	12,655	2,174,132	389,541	1,797,246
Other equipment and furniture	29	13,446		11	13,435
Advances and tangible assets in progress	30	1,322,084			1,322,084
TOTAL (row 26 to 30)	31	1,348,185	23,789,268	5,142,187	19,995,266
Financial assets	32				
ADJUSTMENTS FOR DEPRECIATION -TOTAL (row 25+31+32)	33	1,348,185	23,789,268	5,142,187	19,995,266

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DIRECTOR

Name and surname

Mihail Viorelian Stanculescu

Seal of Hidroelectrica SA

PREPARED,

Name and surname

Aurel Lucian Cocos

as Economic Manager

SC HIDROELECTRICA SA  
UNCONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL EXERCISE ENDED 31 DECEMBER 2012  
*(all amounts are in RON unless otherwise stated)*

	2011	2012
<b>Cash flow from operating activity</b>		
(Loss) /Net profit	6,444,266	(508,010,530)
<b>Adjustments for non-cash items:</b>		
Operating expenses from depreciation	733.575.227	1.227.207.693
Loss/(Profit) from disposal of fixed assets	(1.282.308)	18.713.308
Value adjustments for receivables	4.317.326	15.321.838
Increase /(Decrease) provisions	(17.254.858)	66.547.577
Expenditures with income tax	33.165.678	20.389.175
Expenditures with interest	102.926.484	115.815.603
Interest revenues	(2.253.494)	(1.454.840)
Revenues from subsidies	(6.712.814)	(7.219.664)
Losses from differences in rate of exchange due to loans	14.908.374	64.148.613
<b>Operating outcome before changes in working capital</b>	<b>867.833.811</b>	<b>1.011.458.773</b>
<b>Changes in net working capital:</b>		
Inventory	(305,398)	(1.994.800)
Accounts receivables	(125,573,699)	93.430.459
Accrued expenses	(10,594,767)	2.318.517
Other assets increase/decrease	(6,889,545)	72.207.834
Suppliers increase/decrease	261,261,425	(104.010.311)
Advance revenues and other debts	44,218,263	92.386.690
<b>Changes in working capital</b>	<b>162,116,279</b>	<b>154.338.389</b>
Paid interests	(93,520,704)	(109.585.904)
Income tax	(59,565,230)	(13.361.348)
<b>Net cash flow from operating activity</b>	<b>876,864,226</b>	<b>1.042.849.910</b>
<b>Cash flow used for investment</b>		
Acquisition of property	(1,470,548,779)	(752.039.119)
Received interest	2,248,945	1.454.840
Revenue from tangible assets	2,579,789	2.583.373
<b>Net cash flow used for investment</b>	<b>(1,465.720.045)</b>	<b>(748.000.906)</b>
<b>Cash flow from financing activity</b>		
Drawings from loans	547.725.093	151.122.525
Loan reimbursement	(282.727.758)	(393.481.511)
Dividends	(26.100.000)	(6.268.972)
<b>Net cash flow from financing activity</b>	<b>238.897.335</b>	<b>(248.627.958)</b>
		<b>(6.268.972)</b>
<b>Net Increase/(Decrease) of cash and equivalent items</b>	<b>(349.958.484)</b>	<b>46.221.046</b>
<b>Cash and equivalent items at beginning of year</b>	<b>(309.321.158)</b>	<b>(659.279.642)</b>
<b>Cash and equivalent items at end of year</b>	<b>(659.279.642)</b>	<b>(613.058.596)</b>

On 31 December 2011 and 2010 cash and other equivalent items are as follows:

	31 December 2011	31 December 2012
Cash and bank accounts	77.151.977	55.370.268
Treasury loans / Credit lines	(736,431,619)	(688,428,846)
<b>Total cash and equivalent items according to cash flow statement</b>	<b><u>(659.279.642)</u></b>	<b><u>(613.058.596)</u></b>

These unconsolidated financial statements were signed by Company’s management on 15 May 2013.

Mihail Viorelian Stanculescu	Aurel Lucian Cocos
General Manager	Financial Manager

SC HIDROELECTRICA SA  
 UNCONSOLIDATED STATEMENT REGARDING CASH FLOWS  
 FOR FINANCIAL EXERCISE ENDED ON 31 DECEMBER 2012  
*(all amounts are expressed in RON unless otherwise stated)*

STATEMENT OF EQUITY CHANGES ON 31 DECEMBER 2011

Item of equity	Balance on 31 December 2010	Increase		Decrease		Balance on 31 December 2011
		Total, out of which:	By transfer	Total, out of which:	By transfer	
0	1	2	3	4	5	6
Subscribed, paid in share capital acct. 1012	4,440,967,650	8,546,800	8,546,800	-	-	4,449,514,450
Subscribed & unpaid share capital acct. 1011	31,004,422	2,525,598	2,525,618	8,546,800	8,546,800	24,983,220
Reserves from revaluation inventories acct. 105	11,175,780,197	83,595	-	198,981,080	198,981,080	10,976,882,712
Legal reserve acct. 1061	56,968,396	1,647,885	1,647,885	-	-	58,616,281
Reserves from revaluation surplus acct. 1065	672,478,161	198,981,080	198,981,080	19,454,720	19,454,720	852,004,521
Other reserves acct. 1068	140,681,755	2,525,618	-	15,083,506	15,083,506	128,123,867
Retained earnings – uncovered loss acct. 1171	(10,274,118)	273,405,318	273,405,318	263,131,200	-	-
Reported result from correction of material errors acct. 1174	(31,517,000)	(5,124,460)	-	(31,517,000)	(31,517,000)	(5,124,460)
Financial year outcome (profit) acct. 121	292,368,000	6,444,266	-	292,368,000	292,368,000	6,444,266
Profit allocation acct. 129	(19,458,290)	(1,647,885)	(1,647,885)	(19,458,290)	(19,458,290)	(1,647,885)
<b>Total equity and inventories</b>	<b>16,748,999,173</b>	<b>487,387,815</b>	<b>483,458,816</b>	<b>746,590,016</b>	<b>483,458,816</b>	<b>16,489,796,972</b>
Public patrimony acct. 1016	73,361,712	2,520,006	-	36,673,342	-	39,208,376
<b>Total equity, inventories and public patrimony</b>	<b>16,822,360,885</b>	<b>489,907,821</b>	<b>483,458,816</b>	<b>783,263,358</b>	<b>483,458,816</b>	<b>16,529,005,348</b>

These unconsolidated financial statements were signed by Company’s management on 15 May 2013.

Mihail Viorelian Stanculescu  
 General Manager

Aurel Lucian Cocos  
 Financial Manager

SC HIDROELECTRICA SA  
UNCONSOLIDATED STATEMENT REGARDING EQUITY MODIFICATIONS  
FOR FINANCIAL EXERCISE ENDED ON 31 DECEMBER 2012  
*(all amounts are expressed in RON unless otherwise stated)*

STATEMENT ON CHANGES OF EQUITY ON 31 DECEMBER 2012

Item of equity	Balance on 31 December 2011	Increase		Decrease		Balance on 31 December 2012
		Total, out of which:	By transfer	Total, out of which:	By transfer	
0	1	2	3	4	0	1
Subscribed, paid in share capital acct. 1012	4,449,514,450	26,128,620	26,128,620			4,475,643,070
Subscribed & unpaid share capital acct. 1011	24,983,220	4,908,500	-	26,128,620	26,128,620	3,763,100
Reserves from revaluation inventories acct. 105	10,976,882,712	1,247,639,941	66,691,509	1,093,272,486	138,300,877	11,131,250,167
Legal reserve acct. 1061	58,616,281	(1,647,885)	(1,647,885)	-	-	56,968,396
Reserves from revaluation surplus acct. 1065	852,004,521	79,700,934	79,700,934	-	-	931,705,455
Other reserves acct. 1068	128,123,867	5,212,986		5,212,986		128,123,867
Retained earnings –uncovered loss acct. 1171	-	6,444,266	6,444,266			6,444,266
Reported result from correction of material errors acct. 1174	(5,124,460)	(260,541,759)	(66,541,759)	(79,724,096)	(58,599,944)	(185,942,123)
Financial year outcome (profit) acct. 121	6,444,266			514,454,796	6,444,266	(508,010,530)
Profit allocation acct. 129	(1,647,885)			(1,647,885)	(1,647,885)	
<b>Total equity and inventories</b>	<b>16,489,796,972</b>	<b>1,107,845,603</b>	<b>110,625,935</b>	<b>1,557,696,907</b>	<b>110,625,935</b>	<b>16,039,945,668</b>
Public patrimony acct. 1016	39,208,376	138,273				39,346,649
<b>Total equity, inventories and public patrimony</b>	<b>16,529,005,348</b>	<b>1,107,983,876</b>	<b>110,625,935</b>	<b>1,557,696,607</b>	<b>110,625,935</b>	<b>16,079,292,317</b>

These unconsolidated financial statements were signed by Company’s management on 15 May 2013.

Mihail Viorelian Stanculescu  
  
General Manager

Aurel Lucian Cocos  
  
Financial Manager

## SUBSCRIBED SHARE CAPITAL

Subscribed share capital on 01.01.2011 was in amount of **4,474,497,670 RON**, representing:

- Subscribed and paid in share capital : 4,449,514,450 RON
- Unpaid share capital: 24,983,220 RON

On 31.12.2011 subscribed share capital is in amount of **4,479,406,170 RON**, representing:

- Subscribed and paid in share capital: 4,475,643,070 RON
- Unpaid share capital: 3,763,100 RON

- SC Hidroelectrica SA subscribed share capital in amount of 4,475,643,070 RON, integrally paid, was divided on shareholders, corporate shareholders, as follows:

1 .STATE represented by Ministry of Economy, Commerce and Business Environment, as shareholder, with:

- Capital contribution: 3,583,025,290 RON
- No. of shares: 358,302,529
- Participation quota to profit and loss : 80.0561%

2. SC "FONDUL PROPRIETATEA" SA, as shareholder, with:

- Capital contribution: 892,617,780 RON
- No. of shares: 89,261,778
- Participation quota to profit and loss: 19.9439%

The documents were registered at the Trade Register under Bucharest Court jurisdiction with no. 527932 dated 10.04.2012

**1. Subscribed and paid in share capital** in value of **4,475,643,070 RON** on 31 December 2012 representing:

3,485,599,880 RON – **subscribed and paid in share capital at date of incorporation**, pursuant to Government Decision no. 627/2000.

**Increase of share capital** in value of **994,065,310 RON** as follows:

a) 49,080 RON - the value of the subscribed and paid in share capital was increased under Resolution no. 131/08.01.2003 of the Trade Register Office, after the merger with SC Energetica;

b) 462,644,000 RON - the value of the subscribed and paid in share capital was increased according to the statement dated 07.01.2004 by mention no. 246596/22.11.2003 which includes the amount of 148,208,230 RON, representing cash and cash equivalents received from the Special Fund for Energy System Development in 1998 - 2000, having regard to the decision of the Court of Accounts, Department of Control no. 189/01.07.2001;

c) 13,435,110 RON – value with which the share capital was increased according to Addendum no. 482/11.01.2005, judgment of the Extraordinary General Meeting of Shareholders no. 24/01.09.2004, registered in the Trade Register on 14.01.2005 under no. 1879/14.01.2005.

The increase in 2004, represents:

- 9.330 RON, the difference between the accounting value on the certificate of ownership, series M03 no. 6906/2001 and evaluation sent together with the letter signed by the evaluation committee, in accordance with item 2 of the Decision. 24/AI/2004 of the Court of Accounts;
- 13,425,780 RON, representing value of the land for which were received certificates of ownership between 01 July 2003 - 31 July 2004;

d) 11,115,190 RON - value which **increased** the share capital, representing value of land for which were obtained certificates of ownership, increase ranging in addendum no. 9/17.01.2006, registered in the Trade Register on 08.02.2006, under no. 5518/07.02.2006;

(all amounts are expressed in RON unless otherwise stated)

e) 442 547 150 RON - value that increased the share capital, representing the unrealized gains according to the regulations in force at successive moments according to GD no. 403/2000 and GD. 1553/2003, the land for which the company has obtained the certificate of ownership. The increase was made in accordance with the Law no. 516/2006 amending Law no. 302/2005 and supplementing the Law No. 31/1990 regarding companies. The increase was approved in GMS and registered at the Trade Register under no. 5Bis/2007 on 23.03.2007 with judge conclusion no. 15039/21.03.2007;

f) 19,718,980 RON - value increasing the share capital according to GMS no. 15/2007, registered at the Trade Register on 24.10.2007 with confirmation no. 453 632, based on the judge conclusion no. 60433/22.10.2007.

This increase represents:

- 4,669,711 RON - value representing certificates of ownership obtained during 01.09.2005-30.09.2006;

- 15,049,269 RON - the amount assessed under the Assessment Report for the land for which Hidroelectrica obtained certificates of ownership in period 01.09.2005 -30.09.2006;

g) 512,890 RON - value increasing the share capital, representing the land for which were received certificates of ownership, approved by the Board Decision no. 3/2008, registered at the Trade Register on 29.05.2008, in the judge conclusion no. 42457 dated 29.05.2008;

h) 667,240 lei - value which increased the share capital, representing the land for which were obtained certificates of ownership, approved by the Board Decision no. 9/2008, registered at the Trade Register on 03.11.2008, in the judge conclusion n. 79195/, dated 03.11.2008;

i) 1,555,500 RON - value which increased the share capital, representing the land for which were obtained certificates of ownership in August 2008, approved by Board Decision no. 11/2008, registered at the Trade Register on 13.01.2009, under no. 11160/13.01.2009;

j) 1,037,240 RON - value which increased the share capital, representing the land for which were obtained certificates of ownership in the months of December 2008 and March 2009 respectively, approved by the Board Decision no. 2/2009, registered in the Trade Register on 04.06.2009, under no. 291236/04.06.2009;

k) 3,224,530 RON - value which increased capital under the Board Decision no. 7/2009, registered at the Trade Register on 12.10.2009, based on the mention no. 487748/12.10.2009.

This increase represents:

- 189,250 RON - the amount of land on which have obtained ownership by court ruling (SH Buzău);

- 3,035,280 RON - value of ownership certificates obtained during 01.06.2009 - 31.08.2009;

l) 2,882,980 RON - value which increased share capital under the Board Decision no. 14/2009, registered at the Trade Register on 23.04.2010, under mention no. 2301/21.04.2010 representing consideration for the lands on which were obtained certificates of ownership in the period 30.03.2007 - 24.11.2009;

m) 8,546,800 RON - value which increased capital under Board Decision no. 9/08.09.2011, registered in the Trade Register on 27.10.2011, in the registration certificate mentions no. 408156/27.10 .2011.

This increase represents:

- 313,969 RON - value of land for which ownership was obtained by court order (SH Buzau);

- 8,232,831 RON - value representing certificates of title obtained during 23.02.2010-07.03.2011.

n) 24,998,890 RON - the amount by which the share capital was increased under the Board Decision no. 1/23.01.2012, registered at the Trade Register on 26.01.2012, based on the mention no. 25935/24.01.2012, representing consideration for the lands that were obtained certificates of ownership in 2006, 2007 and 2011;

(all amounts are expressed in RON unless otherwise stated)

o) 1,129,730 RON - value which increased capital according to Note Council Administration no. 8/23.03.2012, registered at the Trade Register on 10.04.2012, under mention no. 580628/06.04.2012 representing consideration for the lands that were obtained certificates of ownership in March 2012 for HS Râmnicu Vâlcea.

**Share capital reductions** in amount of 4,022,120 RON are as follows:

a) 2,173,230 RON - the value of Hidroelectrica share capital that was reduced according to the Decision of the Extraordinary General Meeting of Shareholders no. 31/2003 in 2004 and the publication in the Official Gazette of Romania no. 1090/15.04.2004 . This reduction was based on protocols concluded with the SN TRANSELECTRICA SA, SC Electrica SA, and ANRE according GD no. 627/2000 and free transfers to local authorities under paragraph 1 of Article 15 of Law no. 137, art. 15 paragr. 1 and 5;

b) 1,799,810 RON - the value of Hidroelectrica share capital that was reduced according to the Decision of the Extraordinary General Meeting of Shareholders no. 28/22.10.2004 contained in the addendum no. 2/22.02.2005 registered at Trade Register on 23.05.2005 in the closing no. 24033/23.05.2005. This reduction is equivalent to social assets submitted by the County Councils under Law no. 137/2002, as amended and supplemented;

c) 49,080 RON - which was reduced the value of Hidroelectrica capital, according to the Decision no. 1/24.01.2008 of the Extraordinary General Meeting, having the registration statement no. 84620/28.02.2008 change of association, registered in the Trade Register on 03.03.2008, in the concluding no. 16715/03.03.2008. This reduction represents transmission free of charge, pursuant to GD. 1191/2006 of the Complex Motelier Tismana to the public domain of the State, under administration of the Ministry of Culture and free use of the Oltenia Metropolia.

**2. Subscribed and unpaid capital** in amount of 3,763,100 RON represents the value of land for which were obtained titles in December 2012 (according to Anexa 1) for the documentation to be submitted to the Trade Register in for capital increases subscribed and paid in compliance with the legislation in force.

In January 2007, following approval of EGMS Resolution No. 5/2007, amended by Resolution No. 5 bis/2007, increased share capital with the amount of 442,547,150 RON, representing land revaluation reserve.

Our analysis found that the revaluation reserve in the amount of 8,063,223 RON was erroneously incorporated in share capital as at the time of the capital increase this reserve no longer being registered in the balance of revaluation reserves. It was used in December 2006, by passing in the revaluation reserve account with the sale of land referred to.

In 2012 was approved by the Legal Administrator and the Special Administrator the note on the capital reduction with the amount of 8,063,223 RON, to be presented for approval in the EGMS and subsequent documentation to be submitted to the Trade Register in order to reduce the subscribed and paid in share capital in compliance with the legislation in force.

Hidroelectrica capital increases or decreases must be carried out pursuant to Art. 207-221 of Law No. 31/1990 on commercial companies, republished, amended, and in compliance with Article 8 of the Government no. 627/31.07.2000 Appendix 4.1 - Status of the Company, amended and updated according to the dispositions in force.

In terms of capital increase, in kind contributions representing the land for which were obtained certificate of ownership, the principle of law "specialia generalibus derogant" is achieved by the application of special legislative waiver of Law .99/1999, as amended and supplemented, with reference to art. 12 of Law no.137/2002, with subsequent amendments, art. 9.1 of Title VII of the Act no. 247/2005, as amended and supplemented.

Revaluation reserves arising from the revaluation of property, plant on 01.01.2012 were in value of 10,976,882,712 RON.

On 31.12.2012 Company's tangible assets of the represented by land, buildings and movable assets were revalued by an independent assessor member ANEVAR under contract no. 3/22.01.2013.

After recording the accounting revaluation results showed an increase in fixed assets revaluation reserve amounting to 914,420,508 RON, an increase of land value of 266,552,990 RON, and a decrease in reserve for fixed assets in the amount of 954 967 .383 RON.

(all amounts are expressed in RON unless otherwise stated)

Such revaluation reserve has increased by 226,006,117 RON as a result of revaluation of tangible assets on 31.12.2012.

During 2012, surpluses from the revaluation reserve relating to fully depreciated assets, scrapped, sold and given away were worth 85,419,582 RON (see Appendix 2), which are transferred in "surplus reserves revaluation - acct. 1065." thus reducing the amount of revaluation reserve.

Revaluation reserve was corrected by reversing the surplus transfer from the revaluation reserve to the amount of 5,767,026 RON; it was found that this amount was used for capital increase in 2007.

Given the finding of registration errors revaluation results of 2006 and 2009, the following corrections were made to the revaluation reserve that led to its reduction with the amount of 8,091,566 RON.

- registration in the retained earnings representing the unfavorable result of the depreciation of tangible assets for 2006, due to decreases in the value of the assets revalued on 31.12.2006 amounting to 66,691,509 RON.
- registration in the retained earnings representing the depreciation of tangible outcome for 2009, resulting from the revaluation of property in 2009, amounting to 58,599,944 RON.

On 31 December 2012, revaluation reserves are worth 11.131.250.167 RON distributed as follows:

related fixed assets amounting to 10,864,697,176 RON

related land worth 266,552,991 RON

### C. LEGAL RESERVES

For fiscal year 2012, the company has established legal reserves, the result representing loss

On 31.12.2012 **account balance is in amount of 56,968,396 RON**, decreased from the end of last year with the amount of 1,647,885 RON, representing legal reserve from the accounting profit of 2011, corrected during 2012 by transfer to account 1171 "Retained earnings represent earnings or uncovered loss".

### D. RESERVES REPRESENTING REVALUATION SURPLUS

Account balance at year end of 2012 is 931.705.455.84 RON by transferring surpluses arising from the revaluation for assets disposed of by scrapping, disposal and fixed fully amortized. In 2012 transfers were made in accounts of revaluation surplus amounting to 85,419,581 (Appendix 2), as follows

- for the disposed assets and scrapped: 66,334.57 RON;
- for fully amortized fixed: 77,291,054.20 RON;
- for fixed assets sold: 8,062,192.85 RON.

Reserves representing surplus from revaluation reserves were corrected by reversing the transfer from the revaluation reserve to the amount of 5,767,026 RON, because it was found that this revaluation reserve was used to increase the share capital in 2007 and not to be recorded the sale of surplus land whereas amount was belonging to the revaluation reserve.

### E. OTHER RESERVES

Balance of account 1068 „Other reserves" on 31.12.2012 is in amount of **128,123,867 RON** and represents the following items:

- 29,584,437 RON, own financial sources consisting of profit allocation from previous years;
- 97,000,000 RON, "Other reserves within the limit of 6% from revenues realized according to GD no. 89/2004" registered until 31 December 2005;
- 1,539,430 RON, plus value resulted after land's evaluation established as in kind contribution to Hidroserv companies share capital.



F. REPORTED RESULT

Account 1174 "earnings from the correction of fundamental errors"  
In 2012 were recorded in this account expenses and income for the previous financial periods, mainly to correct the financial result of 2011. Errors found and recorded in retained earnings are mainly the following:

Explanations	Unfavorable results from correction of accounting errors related to previous financial exercise	Favorable results from correction of accounting errors related to previous financial exercise
Interest on late payment of invoices by the EC TURCENI accepted the statement of affairs	9,336,733	
Interest on delay payment of invoices of FORMENERG and accepted for statement of affairs	218,559	
Interest on late payment of invoices of ENEL Distributie Banat accepted in the statement of affairs	193,567	
Interest on late payment of invoices of Romanian Waters National Administration accepted for statement of affairs	2,828,732	
Interest on late payment of invoices of ENEL Distributie DOBROGEA accepted for the statement of affairs	778,002	
late registration penalty calculated for 2011 dividend for 2010 due to OPSPI, accepted in the statement of affairs	3,737,017	
Registration default interest calculated for the period November to December 2011, due to late payment of 2010 dividends payable Fondul Proprietatea	445,709	
Correction tax for 2011, after recording the fundamental errors acct. 1174 in 2012		20,518,264
Registration EBRD loan balance management fee paid in 2011 and originally registered in 471	6,917,449	
Founding late payment dividends received in previous years for the statutory period Hidroserv		92,945
Update provision for disputes concerning expropriation of land for the river hydropower sector Stream Subcetate Simeria constituted in 2010	10,298,380	
Depreciation expenses for 2011 unregistered in 2011, invoking the reason for their malfunction during the force majeure	132,057,662	
Income from subsidies recorded as amortization of purchased fixed assets of investment subsidies received in 2003-2005, the depreciation charge for unregistered		364,332
Correcting the balance of the debt to Hidroserv, for previous years due to the detection of error by the tax inspection in progress at HS Valcea	- 79,654	
Unfavorable outcome resulting from the depreciation of tangible assets, after decreasing the amount of revalued assets on 31.12.2006	66,691,509	
Favorable outcome resulted from the impairment of property, plant and equipment for 2009, following the increase in the value of tangible assets revalued on 31.12.2009		58,748,555
Recognizing the expense of previous year's net value recorded on the balance land improvements, these amounts represent expenditures actually made for certificates of land ownership, such as notary fees, land registry fees and expenses, assessment fees, tabulation, etc..	4,686,027	
Incorporation impairment losses for the year 2011 for assets that are non-functional since their entry in inventory, unfulfilling technical parameters of operation	22,352,413	
TOTAL	260,541,759	79,724,096

F. REPORTED RESULT (continued)

Thus, on 31.12.2012 ending balance of the account debtor 1174 "earnings from the correction of fundamental errors" is in value of 185,942,122 RON, accounting loss from correction of accounting errors discovered in the current year for the previous financial years. Considering the OMPF 3055/2009, with subsequent amendments, deferred accounting loss generated by the correction of errors relating to other financial profit to be covered in the coming years before any other profit allocations.

G.RESULT OF FINANCIAL EXERCISE

At the end of 2012 financial exercise, the Company recorded a net accounting loss, related to current year in amount of **508,010,530 RON** (in 2011 profit of 6,444,266 RON).

The loss is mainly due to the following events:

- recording of expenses and provision for penalties of amounts requested by the creditors of the Company, after the opening of insolvency procedure, amounts that were not highlighted in the company accounts, thus:
  - penalties for late payment due to suppliers, admitted in the preliminary table of receivables in the amount of 56,762,382 RON
  - litigation provisions for penalties required prior to enrollment in the preliminary table and rejected by the legal administrator or conditionally permitted in the amount of 55,881,386 RON
- revaluation of tangible assets as of 31.12.2012, determined registration of impairment loss on tangible assets amounted to 331,492,498 RON
- national currency depreciation against the currencies in which the Company has engaged Credit and the recording of interest expense incurred on loans generated a loss of financial activity in the amount 166,071, 552 RON.

The negative result for the year of 2012 is due to the fact that during 2012 the situation had an unfavorable hydrological hydropower production.

As a result of prolonged drought seen since April 2011, the Company has established state of force majeure dated 30.09.2011, state that lasted until 01.05.2012, with effect from 10.08.2012 and force majeure status was reinstated and lasted until 30.11.2012. During activation clause, the Company delivers electricity to limit own production to all customers equally without purchasing electricity from other producers.

In this period became priority to ensure ancillary services, compliance for operation improvements on border waters (Danube, Prut) and ensuring debt servitude and utilities. Contracts with various suppliers were honored according to force majeure situation, proportionally according to the daily production achieved.

H. PUBLIC PATRIMONY

On 31.12.2012 balance of “public patrimony” account is in amount of **39,346,649 RON** (in 2011: 39,208,376 RON) and is structured as follows:

Subsidiary	Objective	Value (in RON)
HS Sibiu	Cornetu Avrig – HEP Robesti Dam (from FS)	73,671
	Cornetu Avrig - HEP Robesti pier left bank (2001-2002)	48,831
	Cornetu Avrig - HEP Robesti pier left bank (2003-2004)	205,588
	Cornetu Avrig - HEP Robesti pier right bank ((FS)	2,191,916
	<b>TOTAL HS SIBIU</b>	<b>16,448,095</b>
HS Bistrita	Pascani Arrangement, taken from National Waters (dam, pier)	22,760,281
HS Hateg	Obstacel segment 10x10.5 of HEP Subcetate	138,273
	<b>TOTAL GENERAL</b>	<b>39,346,649</b>

SC HIDROELECTRICA SA  
STATEMENT REGARDING EQUITY MODIFICATIONS  
FOR FINANCIAL EXERCISE ENDED ON 31 DECEMBER 2012  
(all amounts are expressed in RON unless otherwise stated)

The balance of public assets are investments in service unmatched on 31.12.2012, respectively completed investment but which have not yet been included in the inventory of goods made in the public domain of the state grants and special funds.

The company has concession assets in the public domain in the amount of **3,474,417,706 RON** recorded in extra-accounting structures as follows:

- dams worth 1,632,657,572 RON;
- piers worth 1,585,267,518 RON;
- locks worth 256,492,616 RON.

These consolidated financial statements were signed by the Company's management on May 15, 2013.

**Mihail Viorelian Stanculescu**

**General Manager**

**Aurel Lucian Cocos**

**Financial Manager**

**NOTE NO. 1 FIXED ASSETS**

Tangible assets of the Company comprise mainly special constructions, namely central energy pumping stations, hydro power plants, locks, and hydropower equipment and facilities. The company manages a total of 275 hydroelectric plants and pumping stations with an installed capacity of 6,470,403 MW.

Company’s fixed assets on 31.12.2012 are as follows:

a) Intangible assets

<b>Cost</b>	<b>Balance on 01.01.2012</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance on 31.12.2012</b>
Development expenses	9,000	-	-	9,000
Patents and certificates from own sources	18,728	-	-	18,728
Other assets (soft)	26,301,301	936,810	(903,078)	26,335,033
	<b>26,329,029</b>	<b>936,810</b>	<b>(903,078)</b>	<b>26,362,761</b>

<b>Depreciation</b>	<b>Balance on 01.01.2012</b>	<b>Depreciation during financial exercise</b>	<b>Decrease</b>	<b>Balance on 31.12.2012</b>
Development expenses	9,000			9,000
Patents and certificates from own sources				
Other assets (soft)	20,361,914	2,590,429	(903,078)	22,049,265
	<b>20,370,914</b>	<b>2,590,429</b>	<b>(903,078)</b>	<b>22,058,265</b>
<b>NET ACCOUNTING VALUE</b>	<b>5,958,115</b>			<b>4,304,496</b>

Note no. 1 – FIXED ASSETS

b) INTANGIBLE ASSETS

COST / REVALUATION	Balance on 31.12.2011	Increase	Transfers	Revaluation	Decrease	Transfers	Balance on 31.12.2012
Lands and arrangements	729,970,059	7,679,786		(30,000,788)	(10,368,891)		697,169,166
Constructions	14,637,443,017	280,434,940	280,434,940	(3,548,176,821)	(22,417,793)		11,347,283,343
Technical equipments and machinery	5,771,367,374	528,843,587	528,843,587	(3,249,126,884)	(3,261,236)		3,047,822,841
Other installations, equipments and furniture	62,949,159	1,568,630	1,568,630	(42,122,895)	(93,676)		22,301,218
Ongoing assets	4,624,339,976	835,215,670	87,658,541		(821,174,916)	(810,847,157)	4,638,380,730
Advances for intangible	193,147,064	9,583,961			(87,658,541)	(87,658,541)	115,072,484
TOTAL	26,019,216,649	1,663,326,574	898,505,698	(6,869,538,388)	(944,975,053)	(898,505,698)	19,868,029,782

Accumulated depreciation	Balance on 31.12.11	Depreciation registered during financial exercise	Revaluation	Discounts	31.12.2012
Lands and arrangements	4,674,896	1,032,981		(5,707,877)	-
Constructions	2,812,748,608	655,208,332	(3,466,610,752)	(1,346,188)	-
Equipments and machinery	2,894,036,694	366,922,848	(3,258,081,005)	(2,878,537)	-
Other technical equipments and furniture	33,730,482	5,722,663	(39,360,251)	(92,894)	-
TOTAL	5,745,1910,680	1,028,886,824	(6,764,052,008)	(10,025,496)	-

NOTE NO. 1 – FIXED ASSETS (continued)

b) Intangible Assets

VALUE of ADJUSTMENTS	Balance on 31.12.2011	Increase	Decrease	Balance on 31.12.2012
Lands and arrangements	-	-	-	-
Constructions	-	21.615.136	(4.752.635)	16.862.501
Equipments and machinery	12.656	2.174.131	(389.541)	1.797.246
Other equipments and furniture	13.441	-	(5)	13.436
Advance and ongoing				
Intangible assets	<b><u>1.322.083</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1.322.083</u></b>
<b>Total</b>	<b><u>1.348.180</u></b>	<b><u>23.789.267</u></b>	<b><u>(5.142.181)</u></b>	<b><u>19.995.266</u></b>
<b>NET ACCOUNTING VALUE</b>	<b><u>20.272.677.782</u></b>			<b><u>19.848.034.516</u></b>

Impairment of fixed assets in the balance on 31.12.2012 in value of 19,995,266 RON, represents mainly the fair value of construction and technological equipment taken from the Electra and the IRE Deva in 2002 based on GD 554 / 2002, with an inadequate technical condition, in advanced state of decay and obsolescence and not included in the maintenance program or investment program for future periods.

Advances for intangible is included in the sum of 59,186,143 RON being given to Andritz Hydro Ravensburg Vienna as advance, in accordance with the investment contract no. 21/50765 of 9 November 2001 as amended by Schedule 6 of 26 March 2003 which were canceled due to the effects of the company insolvency on June 20, 2012. Company's lawyers, the manager and the Company's management considers that this advance is to be fully recovered, no need for setting an adjustment to its depreciation on 31 December 2012.

## NOTE NO. 1 FIXED ASSETS (continued)

The main objective of the investment placed in service during 2012 are:

Investment commissioned during 2012	Value of investment
<b>Increased reliability and modernization HPP on the river Olt Slatina sector – Danube</b>	284,812,391
- Refurbishment works in HPP Ipotesti, Draganesti, Frunzaru, Rusanesti and Izbiceni	
<b>HD Bistra Poiana Mărului, Ruieni, Poiana Rusca</b>	144,818,369
- Completion of section Cuntu - Borlova by secondary adduction Sebes-Ruieni and captures Sebesel, Cuntu and Râul Mic and	
- Căderea Râul Alb - work connection to the distribution network of micro hydropower White River and construction works	
<b>SHEN Porțile de Fier II. Refurbishment and upgrading HPP Porțile de Fier II</b>	101,166,519
- revamping of the HPP Porțile de Fier II	
<b>HD of Olt defile, on sector Cornetu - Avrig. HPP Robești</b>	
- commissioning works of hydro unit no. 1,	
- achievement overhead exhaust line of hydroelectric power station of 110 kV in Cornetu,	
- commissioning works of hydro unit no. 2,	
- achieving water intake plant, commissioning transformers, substations achievement etc,	
<b>Rehabilitation work in the Roman lock SHEN</b>	95,352,037
Porțile de Fier I	35,698,401
<b>HD of Strei river, on sector Subcetate - Simeria</b>	
HPP Subcetate and HPP Plopi	
- construction works and modernization of equipment	36,509,516
<b>Assembly dispatcher Hațeg</b>	19,373,362
Building, equipment and administrative headquarters for dispatchers	
<b>Upgrading hydro generator No.1 HPP Babeni</b>	16,496,477
- upgrading works to the group No. 1 generator, own equipment and plant modernization works	
<b>UHE Raul Mare- Retezat</b>	
- contour path accumulation Gura Apelor - Section Lapusnicu Mic - Rau Ses	11,079,713
- Construction work on main headrace hydropower station	
<b>CHE Ruieni</b>	12,448,013
- Modernization works two functional components of HPP Ruieni	
<b>Full transformation of UHE Racova without accumulation in the central junction own</b>	8,195,028
- Construction works	

NOTE NO. 1 – FIXED ASSETS (continued)

Balance for investment in execution and tangible advances on 31.12.2012, in amount of 4,753,453,214 RON is mainly based on the following investment objectives:

Investment objective and description	Value of investment accumulated up to 31.12.2012
<b>Hydropower Development of Olt defile, on Cornetu – Avrig sector</b>	
- Olt river hydropower development in five hydroelectric plants	597,133,206
<b>Hydropower Development Surduc- Siriu</b>	
- hydropower development with 2 storage and 3 central	588,459,972
<b>Hydropower Development Rastolita</b>	
- hydropower development with 1 storage and 1 plants	577,855,330
<b>Hydropower Development of Jiuriver on Livezeni Bumbesti sector</b>	
- hydropower development with 1 storage and 2 plants	534,858,554
<b>Hydropower Development Pașcani on Șiret River</b>	
- hydropower development with 1 storage and 1 plants	348,552,511
<b>Hydropower Development Cerna Belareca</b>	
- hydropower development with 1 storage and 1 plants	311,344,855
<b>Hydropower Development a râului Olt pe sector Fagaras - Hoghiz</b>	
- hydropower development with 1 storage and 1 plants	173,445,918
<b>Hydropower Development of Șiret River, on Cosmesti-Movileni sector</b>	
- hydropower development with 2 storage and 3 plants	166,287,964
<b>Hydropower Development of Jiu River on Valea-Sadului Vadeni sector</b>	
- hydropower development with 2 storage and 3 plants	164,299,692
<b>Hydropower Development Bistra Poiana Mărului Ruieni Poiana Rusca</b>	
- hydropower development with 3 storage and 3 plants	158,485,745
<b>UHE Râul Mare - Retezat</b>	
- hydropower development with 1 storage and 1 plants	135,514,291
<b>SHEN Porțile de Fier II</b>	
- refurbishment to upgrade HPP Portile de Fier II, refurbishing 8 hydropower units	122,601,958
<b>Hydropower Development Strei River, on Subcetate - Simeria sector</b>	
- 7 hydropower plants	108,658,476
<b>Increased reliability and modernization HPP on the river Olt Slatina-Danube sector</b>	
- refurbishment of 20 hydropower units	107,480,445
<b>Hydropower Development Cerna Motru Tismana , second stage</b>	
- hydropower development with 3 storage and 3 plants	83,321,249
<b>Hydropower Development Runcu - Firiza</b>	
- 2 hydro plants	81,507,955

On 31.12.2012 Company made revaluation of tangible assets, i.e. Group 1 - construction, Group 2 - installations and transportation and group 3 - furniture, office equipment, protective equipment and land, under contract No. 3/22.01.2013 concluded with SC Romcontrol SA, member ANEVAR.

The revaluation of property, plant and equipment, accumulated depreciation was eliminated from the gross accounting value of revalued assets, so after reassessment, dated 31.12.2012, tangible assets are presented at their fair value.



NOTE NO. 1 ASSETS (continued)

The results of revaluation are are follows:

Group off assets	Name of assets	Net value after revaluation in 2012	Just value Romcontrol	Net result of assets	Net result of reserve from revaluation
Group 1	Constructions	11,428,849,418	11,347,283,348	(81,566,069)	(70,362,278)
	Furniture	25,063,865	22,301,220	(2,762,644)	954,424
Group 2	Stationary items				
Group 3	Technological equipment	<u>3,038,868,720</u>	<u>3,047,822,841</u>	<u>8,954,121</u>	<u>28,860,980</u>
<b>Total group 1-3</b>		<b>14,492,782,003</b>	<b>14,417,407,409</b>	<b>(75,374,592)</b>	<b>(40,546,874)</b>
	Lands	<u>727,402,204</u>	<u>696,970,260</u>	<u>(30,111,788)</u>	<u>266,552,991</u>
<b>Total fixed assets</b>		<b><u>15,220,184,206</u></b>	<b><u>15,114,377,669</u></b>	<b><u>(105,486,380)</u></b>	<b><u>226,006,117</u></b>

- Fixed assets decreased with the amount of 75,374,594 RON, primarily due to the decrease in the value of construction
- Value of land owned registered a declined in amount of 30,111,788 RON;
- Revaluation reserve increased in the amount of 226,006,117 RON, mainly due to increase of land value.

In 2012 the balance of impairment losses of property, plant and equipment increased by the amount of 18,647,092 RON, representing the fair value of construction and machinery which were taken from the Electra and the IRE Deva in 2002 based on GD 554 / 2002 with an inadequate technical condition put into use in advanced state of decay and obsolescence and not included, to date, in the maintenance program or investment program for the next period.

c) FINANCIAL ASSETS

Item	Inventory value			Final balance
	Initial balance	Increase	Decrease	
Participation titles in affiliated entities	58,039,420	-	-	58,039,420
Participation titles in other companies	900	-	-	900
Receivables	<u>2,404,636</u>	<u>1,239,411</u>	<u>326,907</u>	<u>3,317,140</u>
<b>Financial assets</b>	<b>60,444,956</b>	<b>1,239,411</b>	<b>326,907</b>	<b>61,357,460</b>

Financial assets mainly comprise shares held by the Company in its subsidiaries, 8 Subsidiaries companies for repairs and services "Hidroserv SA", in which is the sole shareholder, according GD no. 857/2002

Participation titles in these subsidiaries on 31.12.2012 are worth 58,039,420 RON (see Note 11).

Claims assets registered in balance on 31.12.2012, are in value of 3,317,140 RON, and represent mainly guarantees paid by the Company to fulfill contractual obligations, as follows:

- related concession agreement with MEC for Public Domain goods under the administration of the Company, in the amount of 1,045,441 RON;
- property for lease concluded with Tower Center International Ltd, in the amount of 1,135,878 RON.

NOTE NO. 2 PROVISIONS

No.	Provision	Balance on 1 January 2012	Transfers		Balance on 31 December 2012
			In account	From account	
1	Provisions for litigations (acct. 1511)	21,220,191	75,335,931	8,698,965	87,857,157
2	Provisions for restructuring (acct.1514)	-	11,114,070		11,114,070
3	Provisions for pensions and similar obligations and costs (acct. 1515)	62,290,875	-	-	62,290,875
3	Other provisions (acct. 1518)	1,207,905	85,099	1,092,238	200,766
	<b>I. TOTAL provisions (acct. 151)</b>	<b>84,718,971</b>	<b>86,535,100</b>	<b>9,791,203</b>	<b>161,462,868</b>

- Provisions amounting 161,462,868 RON represents the litigation provision for future benefits to employee, payable under Collective Labor Contract, salaries and compensatory damages, and other provisions as follows:
- Provision for litigation with Enel Distribuție Dobrogea on penalties for late payment, in value of 1,533,142 RON, pending case since 2010.

Hidroelectrica is under insolvency proceedings since 20.06.2012, for which there were established provisions for litigation related claims registered on preliminary claims or claims rejected by the legal administrator from the preliminary table of receivables. These provisions mainly represent:

- dispute over the expropriation of land for investment "on the river hydropower sector Stream Subcetate - Simeria" in amount of **30,442,629 RON**.
- for disputes concerning penalties and interest required by providers and claims admitted in the preliminary table in amount of **54,276,345 RON**.
  - Provision dispute with Termoelectrica - in value of 9336478 RON;
  - Provision dispute with Nakita- in value of 49162 RON;
  - Provision dispute with Nuclearelectrica- in value of 41163421 RON;
  - Provision dispute with Apele Romane - in value of 3312319 RON;
  - Provision dispute with Petrom - in value of 4414 RON;
  - Provision dispute with Enel Distribuție Banat - in value of 3464 RON;
  - Provision dispute with Enel Distribuție Dobrogea - in value of 407087 RON;
- provision for pending litigation on salaries required by Sebes branch employees, in amount of **1,605,042 RON**, claims admitted in the preliminary table under certain conditions.
- provision for restructuring - representing gross salaries and unit contributions for a total of 27 employees laid off in January and February 2013, signed agreements providing severance payments in amount of **452,802 RON**.
- provision for restructuring - representing gross salaries owed under the CLC and unit contributions for a total of 123 employees laid off in January and February 2013, have signed agreements providing severance payments amounting to 10,661,268 RON. Provision was constituted under the provisions CLC in connection with redundancy payments to be granted in the event of layoffs.
- a balance of provision for pensions and similar obligations (acct.1515) amounting to 62,290,875 RON represents the actuarial calculation of future benefits to be granted to employees under the Collective Labor Agreement calculated for the first time in 2008 and updated in 2010. Provision for post-employment benefits has been updated on 31.12.2012.

On December 31, 2012 the Company has not updated provisions for pensions and similar obligations recorded in previous years, based on an actuarial calculation.

**NOTE NO. 3    DISTRIBUTION OF PROFIT ON 31 DECEMBER 2011**

At year-end of 2012, the Company recorded a net accounting loss in amount of **508,010,530 RON** (2011: net profit of **RON 6,444,266**).

**NOTE NO. 4    ANALYSIS OF OPERATING RESULT**

Operations of the company were held under the provisions of GD no. 627/2000 and up to date ANRE licenses no. 932/2010 for the supply of electricity, no. 332/2001 for production of electricity, no. 333/2001 for the provision of ancillary services).

Indicator	Previous result	Current result
1. Net turnover	3,020,591,574	2,402,785,281
2. Cost of sold goods and performed services (3 + 4 + 5)	2,596,421,078	2,065,786,869
3. Expenditures basic activities	2,410,066,151	1,806,795,735
4. Expenditures auxiliary activities	12,759,382	22,956,058
5. Production indirect expenditures	173,595,545	236,035,076
6. Gross result due to net turnover (1-2)	424,170,496	336,998,412
7. Administrative expenditures	285,949,064	674,178,369
8. Other revenues from operation	22,937,737	15,630,153
9. Operation result (6-7 + 8)	161,159,169	(321,549,804)

**Net turnover** in amount of **2,402,785,281 RON** represents income from core business (sold production), plus income from the sale of goods.

**Operating income** represents net turnover, plus other operating income.

Operating revenues were primarily realized from the production of electricity and provision of ancillary services.

Due to continuing in the first months of 2012 from the previous year, drought led to lower production of electricity, thus the force majeure clause in all contracts has been extended until May 1, 2012.

Hidroelectrica was obliged to reactivate the force major clause since August 7 because of the sharp drop in the main flow of the Danube and inland rivers, taking into account the unfavorable hydrological forecasts for the coming months. In July 2012 was recorded the highest temperature in the last 60 years and hydrological values decreased in all sectors under Hidroelectrica’s management.

Although Hidroelectrica denounced bilateral contracts with EuroPec, Alpiq RomIndustries, Alpiq RomEnergie, EFT AG, EFT and Energy Holding Romania, totaling an amount of 6,500 GWh annually, though contractual obligations, well above the estimated production, the situation would have resulted in non-activation of force majeure clause in purchasing power production deficit from the open market at prices more above the price of bilateral contracts on the regulated market.

From 1 December 2012, mainly due to improved hydrological conditions on the Danube, the Company get out of force majeure, but extending the period of drought during the 2012 having resulted in a historically low electricity production of 12 TWh .

NOTE NO. 5    RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012

RECEIVABLES

RECEIVABLES	Balance on		Balance on	
	31.12.2012		31.12.2012	
			(col. 2+3)	Asset's deadline
			Under 1 year	More than 1 year
	0	1	2	3
Net trade receivables	339,686,121	226,429,910	226,429,910	-
Amounts to be charged from affiliated entities	1.451.706	5,955,620	5,955,620	
Other receivables	76.940.376	13,861,560	13,861,560	-
Subscribed and paid in share capital	-	124,410	124,410	-
TOTAL RECEIVABLES	418.078.203	246,371,500	246,371,500	-

On 31 December 2012 and 31 December 2011, short term trade receivables are represented by:

1.1 Trade receivables

	31 December 2011	31 December 2012
Trade receivables	352.000.152	254,191,206
Provision from depreciation of trade receivables	(12.314.031)	(27,761,296)
TOTAL RECEIVABLES	339,686,121	226,429,910

**NOTE NO. 5 RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)**

On 31 December 2012 trade receivables amounted to 226,429,910 RON are represented mainly by:

- customers for electricity delivered in 2012, of which:

	Balance on
	31 Decembre 2012
- Clients	
- Transelectrica	53.415.436
- Europec	17.761.109
- Electrocarbon Slatina	2.231.757
- Alro	2.905.125
- Opcom	2.326.502
- SMR Bals	2.822.126
- Elsid	2.774.418
- Enel Distribuție Banat	1.274.941
- Other clients on energy markey	<u>5.060.184</u>
- <b>TOTAL clients</b>	<b><u>90.571.598</u></b>
-	-
- Clients-invoices to be issued (energy market)	127.750.710
- Suppliers debtors, prepayments	458.212
- Clients from other activities	7.649.559
- Uncertain clients	<u>27.761.127</u>
-	-
- <b>TOTAL clients-invoices to be issued</b>	<b><u>127.750.710</u></b>
-	-
- <b>TOTAL trade receivables</b>	<b><u>254.191.206</u></b>

- **Receivables from other activities** in the amount of 7,649,559 RON represent trade receivables with related parties (Hidroserv) in the amount of 263.159 RON (Note 10 (b)) and claim to sell gas emissions greenhouse to Dutch society NL Agency, in amount of RON 6,248,519;

- Uncertain clients situation in the amount of 27,761,127 RON are represented by:

- CET Braşov, with the amount of 18,724,742 RON,
- S.C Termoficare 2000 Piteşti, with the amount of 4,192,674 RON,
- Compania Națională a Huilei, with the amount of 2,992,033 RON,
- SC Luxten, with the amount of 1,433,325 RON
- Other clients and different debtors with the amount of 488,260 RON

For these claims were established provisions in the amount of 27,761,127 RON presented in Note 2.

**NOTE NO. 5 RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)**

**1.2 Amounts to be received from affiliated entities**

On 31.12.2012 unpaid dividends from Hidroserv due for the years 2009-2011 are as follows:

<b>Hidroserv</b>	<b>Un-paid dividend</b>
HS PORȚILE DE FIER	519.913
HS HAȚEG	421.972
HS BISTRIȚA	982.317
HS CURTEA DE ARGEȘ	152.709
HS RM VÂLCEA	3.043.250
HS SEBEȘ	<u>835.459</u>
<b>TOTAL</b>	<b>5.999.620</b>

**1.3. Other receivables**

	<b>31.12.2011</b>	<b>31.12.12012</b>
VAT to be recovered	69.364.379	3.123.213
Other receivables – various debtors	4.566.540	10.697.015
Other claims to the state budget	2.875.512	66.865
Claims connected to personnel	140.847	(69.570)
Provision for impairment of receivables, various debtors	(53.820)	44.037
Interests to be received	<u>46.918</u>	<u>13.861.560</u>
<b>TOTAL</b>	<b>76,940,376</b>	<b>13,861,560</b>

Value of **3,123,213 RON**, representing "Other receivables - various debtors" includes mainly amounts receivable from:

- Rates for apartments and land sold in installments to employees, i.e the value of **2,311,563 RON**;
- Delay penalties for unpaid dividends within the statutory subsidiaries the amount of **331.118 RON**;
- Imputations employees, in amount of **150,059 RON**;

Claims relating to the state budget are mainly tax recoverable because during 2012 were recorded related expenses and other financial income on the reported result, that led to correct due tax for those financial exercise, as it decreased with the amount of 20,518,264 RON. Also during 2012 were made payments to the state budget, for income tax in the amount of 8,995,885 RON. Thus on 31.12.2012 Company has a claim to recover from the state budget in the amount of **9,867,751 RON**.

NOTE NO. 5    RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)

STATE OF LIABILITIES ON 31 DECEMBER 2012

2. LIABILITIES

	Balance on 31.12.2011	Balance on 31.12.2012
Amounts due to credit institutions	2,517,932,747	2,271,719,619
Commercial debts	1,125,993,522	1,022,085,271
Creditors	38,056,837	26,434,214
Debts with personnel and social security	29,648,304	36,314,900
Other debts to the state and public institutions	36,812,345	81,197,513
Paid dividend	58,631,200	252,362,228
Other debts	139,676,211	199,281,275
<b>TOTAL</b>	<b>4,146,751,166</b>	<b>3,889,395,020</b>

LIABILITIES		Maturities of liabilities				
		Balance on 31 December 2012 (col. 2+ 3+ 4)	Under 1 year	Between 1-5 years	More than 5 years	
		0	1	2	3	4

1. Long and medium term loans:

1.1 foreign	EUR	359,870,835	88,617,815	231,856,088	39,396,932
	USD	217,858	67,644	150,214	-
Total	<b>RON</b>	<b>1,594,491,424</b>	<b>392,688,832</b>	<b>1,027,325,399</b>	<b>174,477,193</b>

2. Out of which with state guarantee:

	EUR	50,188,733	5,581,920	22,327,679	22,279,134
	USD	217,858	67,644	150,214	-
Total	<b>RON</b>	<b>223,002,298</b>	<b>24,947,763</b>	<b>99,386,933</b>	<b>98,667,603</b>

2. Short term loans

EUR	24.733.601	24.733.601	-	-
USD	36.361.649	36.361.649	-	-
RON	436.806.929	436.806.929	-	-
<b>Total</b>	<b>RON</b>	<b>668.428.864</b>	<b>668.428.864</b>	<b>-</b>

NOTE NO. 5    RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)

		Balance on 31 December 2012	Maturities of liabilities		
			Under 1 year	Between 1-5 years	More than 5 years
foreign	EUR	1,992,615	1,995,612		
	USD	3,471	3,471	-	-
<b>Total</b>	<b><u>RON</u></b>	<b><u>8,799,331</u></b>	<b><u>8,799,328</u></b>		
Of which					
For state guarantee loans					
	EUR	135,747	135,747	-	-
	USD	3,471	3,471	-	-
<b>Total</b>	<b><u>RON</u></b>	<b><u>612,835</u></b>	<b><u>612,835</u></b>	-	-
<b>I. TOTAL AMOUNTS TO CREDIT INSTITUTIONS</b>		<b>2,271,719,619</b>	<b>1,069,917,024</b>	<b>1,027,325,399</b>	<b>174,477,193</b>
Commercial debts		1,022,085,271	1,022,085,271	-	
Clients - creditors		26,434,214	26,434,214	-	-
Personnel expenses and social security		36,315,147	36,315,147	-	
Other state related debts and public institutions		81,197,267	81,197,267	-	
Granted dividends		252,362,228	252,362,228	-	-
Other debts		199,281,274	112,770,854	86,510,420	
<b>II. TOTAL – OTHER DEBTS</b>		<b>1,617,675,401</b>	<b>1,531,164,981</b>	<b>86,510,420</b>	
<b>TOTAL DEBTS</b>		<b>3,88,395,020</b>	<b>2,601,082,005</b>	<b>1,113,835,819</b>	<b>174,477,193</b>



NOTE NO. 5    RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)

LIABILITIES		Balance on 31 December 2011 (col. 2+ 3+ 4)	Maturities of liabilities		
			Under 1 year	between 1-5 years	More than 5 years
		1	2	3	4
1, Long and short term loans:					
1.1 foreign	EUR	403,042,566	76,521,573	261,423,433	65,097,560
	USD	280,940	63,082	217,858	
	CHF	6,515,913	4,343,942	2,171,971	
Total	RON	1,765,110,849	346,194,043	1,137,714,876	281,201,930
Total	EUR	55,770,652	5,581,920	22,327,679	27,861,053
	USD	280,940	63,082	217,858	-
	CHF	6,515,913	4,343,942	2,171,971	-
Total	RON	265,000,363	39,756,024	104,892,944	120,351,395
2. Short term loans					
	EUR	27,944,726	27,944,726	-	-
	USD	27,828,201	27,828,201	-	-
Total	RON	736,431,619	736,431,619	-	-
3. Interest and commissions for inactivity out of which:					
- foreign	EUR	3,785,818	3,785,818	-	-
	USD	5,992	5,992	-	-
	CHF	4,692	4,692	-	-
Total	RON	16,390,276	16,390,276	-	-
- for state guarantee loans	EUR	324,585	324,585	-	-
	USD	5,992	5,992	-	-
	CHF	4,692	4,692	-	-
Total	RON	1,438,790	1,438,790	-	-

**NOTE NO. 5 RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)**

	Balance on 31 December 2011	Maturities of liabilities		
		Under 1 year	Between 1-5 years	More than 5 years
<b>I. TOTAL AMOUNTS TO CREDIT INSTITUTIONS</b>	<b>2,517,932,744</b>	<b>1,099,015,938</b>	<b>1,027,325,399</b>	<b>174,477,193</b>
Commercial debts	1,125,993,522	1,125,993,522	-	
Clients - creditors	38,056,837	38,056,837	-	-
Personnel expenses and social security	29,648,649	29,648,649	-	
Other state related debts and public institutions	36,812,000	36,812,000	-	
Granted dividends	258,631,200	258,631,200	-	-
Other debts	139,676,214	50,998,138	88,678,076	
<b>II&gt; TOTAL – OTHER DEBTS</b>	<b>1,628,818,422</b>	<b>1,540,140,346</b>	<b>88,678,076</b>	
<b>TOTAL LIABILITIES</b>	<b>4,146,751,166</b>	<b>2,639,156,284</b>	<b>1,226,392,952</b>	<b>281,201,930</b>

2.1. **Short term Liabilities (payables within one year)** amounting to 2,601,082,005 RON are made of:

	<b>Balance on 31.12.2011</b>	<b>Balance on 31.12.2012</b>
Amounts due to credit institutions	1,069,917,024	1,099,015,938
Commercial liabilities	1,022,085,271	1,125,993,522
Other payments from clients	26,434,214	38,056,837
Paid dividend	2 52,362,228	258,631,200
Other debts	230,283,268	117,458,787
<b>TOTAL short term debts</b>	<b>2,601,082,005</b>	<b>2,639,156,284</b>

2.1.1 On 31 December 2012, the total amounts owed to credit institutions, current portion to be repaid within a period of one year consists of:

	<b>Balance on 31.12.2011</b>	<b>Balance on 31.12.2012</b>
Current portion of long term loans	392.688.832	346.194.043
Interest on long-term loans	8.799.338	15.028.809
Short-term bank loans (credit lines)	668.428.864	736.431.619
Fees for inactivity		1.361.467
<b>TOTAL amounts due to credit institutions</b>	<b>1.069.917.024</b>	<b>1.099.015.938</b>

**NOTE NO. 5 RECEIVABLES AND LIABILITIES SITUATION ON 31 DECEMBER 2012 (continued)**

Short-term bank loans (credit lines) valid on 31 December 2012 were:

- ING BANK dated 3 March 2009, in value of 38 million RON. Facility is granted through the provision of credit products in the form of overdraft ("overdraft") and can be used until 15 March 2013. On December 31, 2012 balance of the Facility was in the amount of 4,797,445 RON.

Loan is secured by assignment of receivables arising from contracts: no. 47CE/08.09.2005 concluded with SC Alro SA, no. 5/03.01.2011 concluded with SC Electrica SA, no. 9/03.01.2011 concluded with SC Enel Energie SA. The Company also undertakes that during the term of the facility 20% of its monthly revenue should run through the bank accounts.

- ALPHA BANK ROMANIA dated 3 November 2009, for RON 80 million - the maximum amount that can be provided during the facility, the types of credit agreed by the parties: irrevocable credit line in value of 40 million RON and a revocable credit line in value of 40 million RON, both revolving credit facilities. Facility may be used until 30 January 2013. On December 31, 2012 balance of the Facility was in the amount of 79,976,183 RON.

Short-term credit facility is secured by assignment of receivables, yielding borrower, by way of security in favor of the bank, following claims from energy supply contracts: contract no. 9/01.02.2013 with Enel Energie Muntenia, Contract No. 10/01.02.2013 with Enel Energy, Contract No. 11/01.02.2013 with Enel Energy, Contract No. 12/01.02.2013 with Enel Energy, Contract No. 13/01.02.2013 with Electrica, Contract No. 14/01.02.2013 with Electrica, Contract No. 15/01.02.2013 with Electrica, Contract No. 16/01.02.2013 with Enel Energie Muntenia, contract No. 17/01.02.2013 with Electrica, Contract No. 20/04.02.2013 with TAB Bulgaria and contract No. 21/04.02.2013 with TAB Bulgaria. Borrower guarantees the loan by a pledge of all accounts opened with the bank. Company agrees to run half the volume in bank accounts with funds at least equal to twice the granted facility in value of 160 million RON.

- BRD GSG dated 29 September 2009, for 300 million RON - the facility is used as a line of credit. The contract was signed for a period of 1 year, renewable term on maturity of 6 or 12 months. The validity is currently set for 31 March 2013. On 31 December 2012 Facility balance was in the amount of 244 092 818 RON.

The loan is secured by an agreement of assignment of receivables that the Company has to recovered from the contracts: no. 15/03.01.2011 with SC CEZ Vanzare, no. 102/30.10.2012 with GDF Suez Energy Romania, Contract no. 103/30.10.2012 with E.ON Energie Romania, Contract no. 104/31.10.2012 with Arelco Power, Contract no. 3/03.01.2011 with Enel Energie, Contract no. 7/03.01.2011 with Enel Energie Muntenia, Contract no. 110/14.11.2012 with Transelectrica Contract no. 111/14.11.2012 to Repower Furnizare Romania, Contract no. 112/14.11.2012 with Renovatio Trading, Contract no. 114/14.11.2012 with Transelectrica Contract no. 115/14.11.2012 with Tinmar Ind, Contract no. 116/14.11.2012 to Repower Furnizare Romania, Contract no. 117/14.11.2012 with Electrica, Contract no. 118/15.11.2012 with Energy Financing Team Romania, Contract no. 119/15.11.2012 with Fidelis Energy, Contract no. 120/15.11.2012 with Romelectro, Contract no. 121/15.11.2012 to Repower Furnizare Romania, Contract no. 122/15.11.2012 with Enex, Contract no. 123/15.11.2012 with E.ON Energie Romania, Contract no. 124/15.11.2012 to Repower Furnizare Romania, Contract no. 127/16.11.2012 with Transformer Energy Supply, Contract no. 128/16.11.2012 with Axpo Energy Romania, Contract no. 129/16.11.2012 with Electrica Furnizare, Contract no. 5/24.01.2013 with Electrica Furnizare. Company agrees to replace sales contracts sold at this time if they will expire or shall be modified, suspended or canceled before full repayment of this facility, or if the proceeds from such contracts will cover at least 125% of the facility. The company also guarantees by a pledge on current BRD accounts.

CITI BANK EUROPE PLC dated 20 April 2010, for 46 million USD. Facility granted by providing overdraft form and can be used until 20 April 2013. At maturity, the facility shall be automatically extended by 12 months if the Bank fails to submit in advance written notice of the revocation of the loan facility. On 27.12.2011 the Addendum no. 2 to the loan agreement dated 20.04.2010, the Bank provided the debtor financial funds worth 30 mil. USD, the roof line is thus increased to 46 million USD. With the same addendum, the borrower has undertaken to repay the additional available funds,

If will be used; the refund will be initiated at the beginning of the third quarter of 2012, quarterly installments of capital repaid in value of 4 million USD.

On December 31, 2012 balance of the Facility was in the amount of 36,361,649 USD.

Loan is secured by the assignment by way of security of receivables under contract no. C333/23.12.2009 concluded with CN Transelectrica for providing ancillary services, as well as pledge on current accounts at the Bank.

- RBS BANK - dated 23 December 2009 to EUR 32 million. Loan is available for draws in RON and / or EUR. Facility is granted through the provision of credit products in the form of overdraft ("overdraft") and can be used until the 31 July 2013. 10.07.2012; on the addendum no. 4 the credit line short-term credit line limit was set at 29.74 million EUR, the borrower pledging that as of 31.08.2012 to conduct monthly repayments of 1 mil. EUR from principal, so the line to decrease with the amount of 1 mil EUR per month.

On December 31, 2012 balance of the Facility was in the amount of 24,733,601 EUR.

Loan is secured by a pledge of the Borrower consisting of current accounts domiciled at RBS Bank Romania.

- Banca Transilvania - dated 14.10.2011, for 120 million RON. Loan is available for use in RON. Facility granted by providing overdraft form. The Addendum no. 2/24.10.2012 on validity of the credit line was extended until 12.04.2013.

The loan is secured by an agreement of assignment of receivables that the Company has to recover from the following contracts: Contract no. 130/16.11.2012 with Electrica Furnizare, Contract no. 131/16.11.2012 with Axpo Energy Romania, Contract no. 132/16.11.2012 with Electrica Furnizare, Contract no. 134/19.11.2012 with Renovatio Trading, Contract no. 135/19.11.2012 with Axpo Energy Romania, Contract no. 136/20.11.2012 with Electrica Furnizare, Contract no. 137/20.11.2012 with Arelco Power, Contract no. 138/20.11.2012 with GDF Suez Energy, Contract no. 140/06.12.2012 with Electrica Furnizare, Contract no. 141/06.12.2012 with Electrica, Contract no. 142/07.12.2012 with GDF Suez Energy, Contract no. 143/07.12.2012 with Repower Generation, ctr no. 144/07.12.2012 with GDF Suez Energy, Contract no. 149/18.12.2012 with Enel Energie Muntenia, Contract no. 150/18.12.2012 with Enel Energie Muntenia and Contract no. 151/18.12.2012 with E.ON Energie Romania. The company also ensures derivative obligations under short-term financing contract signed with Banca Transilvania, and by a pledge on current accounts at the Bank.

On December 31, 2012 balance facility is in amount of **107,940,484 RON**.

2.1.2 On 31 December 2012, **Trade liabilities** in value of 1.022.085.271 RON, are divided into:

- **Liabilities from ordinary activities** in the amount of 535,409,425 RON, of which the main suppliers in the balance at 31.12.2012 are:

- Apele Romane - amount of 347,706,173 RON,
- CE Oltenia - the amount of 49,744,706 RON,
- S.N Nuclearelectrica - amount of 28,773,062 RON,
- SC Transelectrica SA - amount of 11,580,815 RON.

- **Liabilities from investing activities** in the amount of 424,559,715 RON, of which the main suppliers in the balance on 31.12.2012 are:

- Hidroconstructia SA with an amount of RON 128,609,515,
- Andritz Hydro GmbH Ravensburg with an amount of RON 102,984,950,
- Voith Hydro Holding GmbH with an amount of RON 39,824,231,
- Andritz Hydro GmbH with an amount of RON 22,837,051,
- Voith Hydro Tax representative with an amount of RON 18,392,911,
- UCM Resita with an amount of RON 16,377,256,
- Voith Hydro Holding Germany Bucharest Branch with an amount of 15,106,073

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- Romelectro with an amount of RON 14,528,356,
- Energomontaj SA with an amount of RON 8,047,027
- ISPH SA with the with an amount of RON 7,436,083,
- Romenergo SA for with an an amount of RON 7,012,941,
- Energomontaj Bucharest Branch LE.A with an amount of RON 5,788,584
- Andritz Hydro Vienna Branch Portile de Fier II with the amount of RON 5,326,493
- Hidroserv SA Cluj with an amount of RON 4,433,415
- Energomontaj SA Rm Valcea for amount of RON 4,030,809
- Constructii Hidraulice with an amount of RON 3,791,322,
- Hidroserv SA Bistrita with an amount of RON 3,211,285,
- Deloitte Consulting LLC with an amount of RON 3.069,000,
- Hidroserv SA Sebes with an amount of RON 2,264,408
- Hidroserv SA Portile de Fier with an amount of RON 2,042,713
- Hidroserv SA Arges with an amount of RON 1,431,116.

- **Suppliers - invoices not received** in the balance on 31 December 2012 with a value of 62,116,131 RON are mainly the following:

- Apele Romane with the amount of RON 22,918,319;
- SC Transelectrica SA with an amount of RON 15,898,796;
- Andritz Hydro GmbH Ravensburg with an amount of RON 17,168,770.

2.1.3 On 31.12.2012 the Company has received advances from customers for electricity that will be supplied to in the course of 2013, amounting to RON 26,434,214 as follows:

- GDF Suez Energy Romania - advance received in the amount of 6,717,000 RON
- E-on Energy Romania, advance received in the amount of 8,176,285 RON
- Electrica SA-advance received in the amount of 3,349,600 RON
- Arelco Power LLC advance received in the amount of 2,824,250 RON
- Enel Energie Muntenia SA-advance received in the amount of 1,674,372 RON.

2.1.4 The company owes shareholders dividends for 2010 amounting to RON 252,362,228, as follows:

- 206 152 577 RON for the Ministry of Economy, Trade and Business Environment by OPSPI
- 46,209,651 RON for SC Fondul Proprietatea SA.

2.1.5 Other liabilities balance on 31.12.2012 in amount of **230,283,268 RON** mainly represented by:

- VAT to be paid in the amount of 65,098,155 RON
- Non-payable VAT in the amount of 14,689,695 RON
- Other taxes and similar payments in the amount of 1,409,414 RON
- Performance guarantees for contracts for repairs and other services in amount of 53,796,765 RON to be paid in a period less than 1 year
- Penalties and late payment interest due to failure to pay dividends for the year 2010 for the Ministry of Economy, Trade and Business Environment by OPSPI amounted to 48,760,739 RON
- Penalties and default interest due to failure to pay dividends for 2010 for SC Fondul Proprietatea SA worth RON 878,300,
- Liabilities to employees and related social contributions amounted to 36,315,147 RON.

2.2 **Long-term liabilities** (payables in a period greater than one year) in value RON 1.288.313.012 consist of:

	Balance on <u>31.12.2011</u>	Balance on <u>31.12.2012</u>
Amounts to credit institutions	1.418.916.806	1.201.802.592
Guarantees to trade contracts and other debts	<u>88.678.076</u>	<u>86.510.420</u>
<b>TOTAL long term liabilities</b>	<b><u>1.507.594.882</u></b>	<b><u>1.288.313.012</u></b>

2.2.1 On 31 December 2012 the value of 86,510,420 RON, representing guarantees to trade contracts consisted mainly of:

- Guarantees for the investments - 82,975,309 RON;
- Guarantees for repair works contracts - 3,322,608 RON;

2.2.2 Amounts due to credit institutions for a period longer than a year

On 31 December 2011, amounts due to credit institutions for a period longer than a year are the followings:

Description	31 December 2011	31 December 2012
❖ International Bank for Reconstruction and Development ("BIRD") dated 29 August 1995, for 110 million USD, out of which 719,648 USD were transferred to the Company pursuant to the reorganization protocol, as part of total amount used by Conel until reorganization. On 31 May 2002, Company concluded a separate agreement for the loan balance at the execution date in value of 719,648 USD. Reimbursement will be in increasingly quarterly installments up to November 2015. Loan is guaranteed by Romanian Government through Ministry of Public Finances.	727,492	504,342
❖ UBS AG dated 14 December 2004 for 29,27 million CHF – Loan for objective Porțile de Fier 1. Interest is equal to deposits in CHF, payable quarterly. Loan’s reimbursement will be in quarterly installments in value of 2,17 million CHF, starting on 17 November 2006 and ending in 17 May 2013. Loan is guaranteed by Romanian Government through Ministry of Public Finances.	7,716,582	
❖ International Bank for Reconstruction and Development ("BIRD") dated 13 July 2005, for 66 million EURO – loan contracted for rehabilitation of the hydroelectric power plant on Lotru and for Company’s development. Loan agreement became into force on 25 January 2006, subsequent to ratification of the Romanian Parliament of the agreement signed between BIRD and Romanian State. Loan’s reimbursement will be in quarterly installments starting with 15 March 2010 and ending in 15 September 2021. Loan is guaranteed by Romanian Government through Ministry of Public Finances.	216,800,269	197,550,193
❖ Citi International PLC - agent, dated 2 July 2009, for 75 million EURO – unstructured loan investment. Loan’s reimbursement will be in quarterly installments starting 02.07.2011 in 7 approximately equal installments ending on 02.07.2014. Loan is guaranteed by a receivables assignment company has to receive, pursuant to energy supply agreements: 34CE/02.03.2004 Luxten Lighting, 24CE/18.02.2002 - Elsid Titu, 36CE/21.04.2004 - Electromagnetica, 32CE/28.03.2003- Electrocarbon Slatina, 35CE/03.03.2004 - Euro – Pec.	184,991,152	94,663,463
❖ ING Bank NV Amsterdam – Bucharest Branch - dated 16 November 2009, for 60 million EURO – loan will be used for financing development of hydroelectric power plants network (new and/or existing). Loan was contracted for a 5 year period. Loan was taken over from ING Bank NV Amsterdam – Dublin Branch on 03 December 2009. Loan’s reimbursement will be in 15 equal quarterly installments starting 13.05.2011 up to 14.11.2014. Guarantees for the loan are: receivables assignment agreement Company has to receive from ALRO Slatina SA (agreement for energy supply 47CE/08.09.2005), Electrica Furnizare (agreement for energy	138,230,400	70,859,200

supply 5/03.01.2011), Enel Energie (agreement for energy supply 9/03.01.2011), and pledge over all accounts opened at ING except account used for BIRD agreement in value of 66 million Euro.		
❖ Romanian Commercial Bank – Bucharest Branch - dated 09 December 2010, for 50 million EURO – loan will be used to finance investments development of hydroelectric power plants network (new and/or existing). Loan will be reimbursed in 23 equal quarterly installments starting with 09.06.2012. Due guarantees for the loan are: Letter of Comfort (no.4103/2010) issued by Ministry of Economy, Commerce, and Business Environment, and the pledge over accounts opened at RCB.	187,813,043	163,669,349
❖ Unicredit Bank Austria - dated 30 June 2010, for 117,367,788.93 EURO – loan will be used for financing rehabilitation of Inferior Olt. On 03.06.2010 a novation agreement was concluded between Unicredit Bank Austria and Unicredit Tiriace Bank for the amount of 23,473,558 EURO. The deadline for using the loan is 03 January 2013. On 31 December 2011 after withdrawing an amount in value of 76.330.394 EURO, will remain to be used in the next period the amount of 41.037.394,93 EURO. Repayment runs between 31.07.2012 - 31.01.2019 by paying equal quarterly installments in the amount of 8,383,413.50 EURO. Loan is guaranteed with Comfort Letter (nr. 1710/2010) issued by Ministry of Economy, Commerce, and Business Environment	306,172,658	368,012,152
❖ EFG Eurobank Luxembourg - dated 29 March 2010, for 30 million EURO, loan will be used for financing development of hydroelectric power plants network (new and/or existing). Loan will be for a period of five years. Loan will be reimbursed in 13 equal quarterly installments starting with 29 March 2012, ending 27 March 2015. Loan is guaranteed with Comfort Letter (no. 4871/2010) issued by Ministry of Economy, Commerce, and Business Environment	89,716,846	51,100,385
❖ ING Bank NV - Dublin Branch - dated 22 March 2011 for 60 de million EURO – loan contracted to complete investments/rehabilitation works to hydroelectric network. Loan will be reimbursed in 17 quarterly installments between 7 June 2012 and 7 June 2016. Loan is guaranteed with receivables assignment agreement: Contract is secured by assignment of claims related to contracts for the supply of electricity: no. 47CE/08.09.2005 with Alro Slatina SA, no. 5/03.01.2011 with Electrica and no. 9/03.01.2011 signed with Enel Energie and the pledge over the accounts opened at the bank.	184,652,255	156,307,059
❖ BRD Group Societe Generale - dated 10 June 2011 for 30 de million EUR – loan contracted to finance investment/rehabilitation works of the hydroelectric network. Loan will be reimbursed in 16 quarterly installments starting with 10 September 2012 until 10 June 2016. Loan is guaranteed with Comfort Letter issued by Ministry of Economy, Commerce, and Business Environment and receivables assignment Company has to receive pursuant to agreements: No. 15/03.01.2011 with SC CEZ Vanzare SA, no. 102/30.10.2012 with GDF Suez Energy Romania, Contract no. 103/30.10.2012 with E.ON Energie Romania, Contract no. 104/31.10.2012 with Arelco Power, Contract no. 3/03.01.2011 with Enel Energie, Contract no. 7/03.01.2011 with Enel Furnizare Muntenia, Contract no. 110/14.11.2012 with Transelectrica Contract no. 111/14.11.2012 to Repower Furnizare Romania, Contract no. 112/14.11.2012 with Renovatio Trading, Contract no. 114/14.11.2012 with Transelectrica Contract no. 115/14.11.2012 with Tinmar Ind, Contract no. 116/14.11.2012 to Repower Furnizare Romania, ctr. nr.117/14.11.2012 with Electrica, Contract no. 118/15.11.2012 with Energy Financing Team Romania, Contract no.	94,493,437	91,341,938

119/15.11.2012 with Fidelis Energy, Contract no. 120/15.11.2012 with Romelectro, Contract no. 121/15.11.2012 to Repower Furnizare Romania, Contract no. 122/15.11.2012 with Enex, Contract no. 123/15.11.2012 with E.ON Energie Romania, Contract no. 124/15.11.2012 to Repower Furnizare Romania, Contract no. 127/16.11.2012 with Transformer Energy Supply, Contract no. 128/16.11.2012 with Axpo Energy Romania, Contract no. 129/16.11.2012 with Electrica Furnizare, Contract no. 5/24.01.2013 with Electrica Furnizare. Also, will ensure financial obligations arising under this long-term financing contract, the company agreed and a pledge of accounts domiciled in BRD, established in favor of the Bank.		
❖ BERD - dated 12 July 2011 for 110 million EUR as follows: loan A in value of 70 million EUR and loan B in value of 40 million EUR for financing investment/rehabilitation works of 6 units of Stejarii HPP. Loan will be reimbursed in 21 equal quarterly installments, for loan A and 15 equal quarterly installments, for loan B. Loan is guaranteed by Romanian Government by Ministry of Economy, Commerce, and Business Environment. On 31 December 2011, Company had used 1,76 million EUR from the contracted funds.	7,602,672	7.794.512
<b><u>Total net long term loan current installments</u></b>	<b><u>1,418,916,806</u></b>	<b><u>1.201.802.592</u></b>

Cost of short term debt financial debt, namely that medium and long-term financial debt, is indexed to interest rates on the market, while reflecting the company's credit rating.

Financial indicators mentioned in loan agreements are as follows:

- For the Citibank International PLC loan dated 2 July 2009:

a)[(Long term loan + short term term loan)/EBITDA] < 2,0:1

b)EBITDA/(Costs with interest during current year + current section of long term loans) > 2,0:1;

c) Total amount of deliveries (quantity multiplied by price) performed during current year for the agreements representing pledge that will cover the loan with minimum 120%.

- For the loan concluded with BIRD dated 13 July 2005:

a) Current ratio (current assets/ current liabilities) > 1.2

- For the loan concluded with ING Bank NV Amsterdam – Bucharest Branch - dated 16 November 2009:

a)[(long term total liabilities bearing interest + short term total liabilities bearing interest + installments to be paid throughout the year from long term liabilities bearing interest)/EBITDA] < 1.75;

b)[Total operational cash flows /(short term total liabilities bearing interest + installments to be paid throughout the year bearing interest + Annual expenses with interests)] > 1.2.

- For the loan concluded with EFG Eurobank Luxembourg - dated 29 March 2010:

a)[(long term total liabilities bearing interest + short term total liabilities bearing interest + installments to be paid throughout the year from Long term liabilities bearing interest)/EBITDA] <= 2.75;

b)[Total operational cash flows /(short term liabilities bearing interest + installments to be paid throughout the year bearing interest + dividends)] >= 1.2.

- For the loan concluded with Unicredit Bank Austria - dated 30 June 2010:

a)[(long term Total Liabilities bearing interest + short term Total Liabilities bearing interest + installments to be paid throughout the year from long term Liabilities bearing interest)/EBITDA] < =2.5;

b)Current ratio (current assets/ current liabilities) > =1.0;



c) EBIT/ Annual expenses with interests  $\geq 1.5$  in year 2010 and subsequent  $\geq 2.0$ ;

- For the loan concluded with Romanian Commercial Bank – Bucharest Branch - dated 09 December 2010:

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a)  $[(\text{Total long term Liabilities bearing interest} + \text{short term Total Liabilities bearing interest} + \text{installments to be paid throughout the year from long term Liabilities bearing interest}) / \text{EBITDA}] < 2.0$ ;

b)  $\text{EBITDA} / (\text{Costs with interest during current year} + \text{current section of long term loans}) > 2.0$ ;

- For the loan concluded with ING Bank NV Dublin and ING Bank NV Amsterdam – Bucharest Branch - dated 22 March 2011:

a)  $[(\text{Total long term Liabilities bearing interest} + \text{total short term Liabilities bearing interest} + \text{installments to be paid throughout the year from long term Liabilities bearing interest}) / \text{EBITDA}] < 2.50$ ;

b)  $[\text{Total operational Cash flows} / (\text{short term Total Liabilities bearing interest} + \text{installments to be paid throughout the year from long term Liabilities bearing interest} + \text{Annual expenses with interest})] > 1.0$ .

c) Total amount of supplies (quantity multiplied by price) performed during current year for the agreements representing pledge that will cover the loan with minimum ratio of 125%.

- For the loan concluded with BRD Groupe Societe Generale - dated 10 June 2011:

a)  $\text{long term loans} + \text{short term loans} + \text{section of long term loans} / \text{EBITDA} < 3.5$ .

- For the loan concluded with European Bank for Reconstruction and Development - dated 12.07.2011:

a)  $[(\text{Total long term Liabilities bearing interest} + \text{total short term Liabilities bearing interest} + \text{installments to be paid throughout the year from long term Liabilities bearing interest}) / \text{EBITDA}] < 2.75$ ;

b)  $[\text{Total operational Cash flows} / (\text{short term Total Liabilities bearing interest} + \text{installments to be paid throughout the year from long term Liabilities bearing interest} + \text{Annual expenses with interest})] > 1.3$  for period 12.07.2011- 31.12.2014, and  $> 1.5$  for period 01.01.2015-12.07.2024.

According to the provisions of the mentioned loan agreements, if borrower fails to fulfill assumed obligations, Banks should send notification requesting to accelerate the maturity of loans drawn and outstanding, after a period while borrower should rectify the event.

These ratios will be calculated based on the Company's consolidated financial statements for the financial year ended 31 December 2012, prepared in accordance with International Financial Reporting Standards adopted by the European Union, which will be issued at a later date. Therefore, at the date these consolidated financial statements management cannot assess on 31.12.2012, the financial indicators referred to in the loan agreements.

## **NOTE NO. 6 PRINCIPLES, POLICIES AND ACCOUNTING METHODS**

### **A. Rules for preparing financial statements**

SC Hidroelectrica SA has prepared the financial situations of the exercise competed on 31 December 2012 according to Accounting Law no. 82/1991 (republished, amended and updated by the GD no. 61/2001), MPFD no. 3055/2009 (amended and updated) regarding approval of accounting

regulations according to European guidelines.

Company has prepared the financial situations of the exercise competed on 31 December 2012 based on data registered in the balance sheet by including data from all 13<sup>th</sup> balance sheet of the subsidiaries and the executive.

According to the OMPF no.3055/2009 art11, Company management will prepare consolidated financial statements for 2012, in accordance with European Directive VII, prepared in accordance with International Financial Reporting Standards adopted by the European Union.

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**B. Presentation method**

Annexed financial situations are presented in Romanian currency, RON ("RON" or "LEI"), based on historical cost principle with exceptions hereby presented.

**Transactions in foreign currency**

Transactions in foreign currency are in RON by applying the rate of exchange published on the transaction day. Monetary assets and liabilities are expressed in foreign currency at the end of the year rate of exchange from the respective date. Revenue and losses from difference due to foreign exchange rate realized or provisioned are registered in the profit and loss account of the respective year.

The rates of exchange used are the ones valid on 31.12.2011:

		RON rate of exchange
1 Euro	EUR	4.4287
1 USA dollar	USD	3.3575
1 Pound	GBP	5.4297
1 Swiss franc	CHF	3.6681

**C. Accounting principles**

The items included in the consolidated financial statements of the financial year 2012 has been prepared in accordance with accounting principles set out in MPFD no. 3055/2009 amended and supplemented.

Company will continue to operate normally in the foreseeable future, without being forced to significantly stop or reduce the activity, so we can say that it complies the going on concern assumption.

Company complies the principle of perpetual methods, by registration in the accounting files the patrimonial items and results, so as to ensure comparability of accounting information.

Value of elements contained in the financial situations was determined based on principle of prudence, independence, intangibility of financial exercise, non-balance and separate evaluation of assets and liabilities.

Thus, information contained in the financial situations reflects economic reality, and not only their juridical form, based on principle of juridical prevailing over the economic aspect, and items with significant values were distinctly presented, complying the materiality principle.

**E. Use of estimates**

Financial situations were prepared according to MPF Directive no. 3055/2009 and adjustments were performed over the statutory accounts in order to obtain information which was not directly available. Estimates are periodically reviewed and if necessary perform adjustments, they will be registered in the profit and loss account when they became available. Even though the estimates are made by company’s management based on the best information available in financial situations, the

results could be different from the estimates.

## **F. Comparative situations**

Financial situations prepared on 31.12.2012 compare the results contained in the financial situations prepared on 31.12.2011. Whenever necessary, the comparative figures were reclassified to comply with adjustments of the ongoing financial situations.

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## **G. Correction of accounting errors**

According to MPFD no. 3055/2009 for adopting accounting regulations to European guidelines, correction of accounting errors due to the previous financial exercises should be performed on the reported result.

Although, insignificant errors of the previous financial exercises can be corrected based on profit and loss account, insignificant errors should be considered the ones that should not influence financial and accounting data. The question if the error is significant or not should be performed in context, discussing the nature or value of the item, individually or cumulated.

Errors of the previous periods represent omissions or misstatements contained in company's financial situations for one or more previous periods resulted from faults in using or not using credible information which: (a) were available at the moment the financial situations were approved to be issued; (b) should have been reasonably obtained and taken into consideration in drafting and presenting the respective financial situations.

During 2012, an accounting loss in value of 185,942,122 RON was registered after a correction at the completed financial exercises. Considering the OMF 3055/2009 on correcting significant errors related to previous financial years were performed on the reported result, and the errors are presented in the statement of equity changes.

## **H. Assets**

### **Tangible assets**

Company currently holds public domain assets and state owned assets.

Lands should be registered in accounting initially at costs, according to purchasing method, namely acquisition cost or value at the date of acquisition.

Expenses with lands (compensation, fees, site restoration costs, etc.) are registered under rehabilitation and are linearly depreciated over one year period.

The date of registration of fixed assets is made at cost of acquisition or production cost. Fixed assets investment record achieved by the costs directly attributable to the acquisition, construction (including technical solutions - models / prototypes and technical documentation) without financial expenses capitalized interest and the interest rate differences on loans and without inclusion of differences of exchange rates in the accounting value of assets.

On 31.12.2012 Company performed revaluation of property, plant and equipment, group 1- building, group 2 - installations and transportation and group 3 - furniture, office equipment, protective equipment and land, under contract No. 3/22.01.2013 signed with SC Romcontrol SA, member ANEVAR.

The revaluation of property, plant and equipment, accumulated depreciation was eliminated from the gross amount of revalued assets, so after reassessment, on 31.12.2012, tangible assets are presented at their fair value.

Further costs (modernization and refurbishment process of tangible assets already registered as

assets increases the value only with the initial technical parameters, leading to future economic benefits, others than the initially estimated ones. Benefits should be realized directly by increasing the revenues or indirectly by maintenance and operating cost reduction.

Further costs performed in order to obtain or to maintain the level of future economic benefits, company expects to register based on initial estimated performances, should be evidenced in the profit and loss account when occurring.

Company uses the linear method to register fixed assets depreciation, by registering in the operating costs the depreciation throughout the entire duration of asset.

Company does not depreciate public and state-owned property and ongoing liabilities.  
Depreciation of other expenses which were included in the initial cost is linear, starting the next month after improvement works, throughout the remaining duration of the asset, except improvement works designed to extend the duration of use.

### **Intangible assets**

An intangible asset is recognized only and only if:  
Is recognizable and generates future economic benefits;  
Estimates that future economic benefits of the asset belongs to the company;  
Cost of the asset can be accurately evaluated.  
Company considers as intangible assets the concessions, licenses and purchased software.  
Software are linearly depreciated for duration, namely for a 3 year period.

### **Financial assets**

Financial assets are represented by participation titles in Company's subsidiaries that will be registered in the accounting as follows:  
On the date of settling the subsidiary and establishing the participation titles, based on handover protocols for individual inventory elements;  
On the date of increasing the share capital at subsidiary level with the in kind or cash contribution to Company's share capital;  
On the date of reduction of subsidiary share capital by returning to the company a share from contribution.  
Furthermore, Company registers as financial asset the receivable assets, with collection longer than 1 year, and long term guarantees/deposits.

### **I. Public asset list**

Government Decision no. 365/1998 performs the first inventory of assets belonging to public domain that has to be recorded separately, and GD no. 627/13.07.2000 names the immovable assets belonging to state owned domain transferred to SC Hidroelectrica SA, that have to be inventoried and updated whenever necessary by Government Decision.  
Law no. 213/1998 establishes the legal regime of public assets, mentioning that the state holds the ownership over the public assets, who can rent or assign public property assets list.  
According to provisions of MFD no. 555/2003 regarding updating and amending MFD no. 1718/2011 for approval of "Specification for inventory of properties belonging to state public domain", by the annual public assets inventory have split the state owned public assets obtained from investments or acquisitions:

- Public funds or donation
- Own sources.

In this respect, annual public assets inventory is not updated with properties and due value, resulted from investments in own sources.

Starting 2004 pursuant to Law no. 571/2003 regarding Fiscal Code art.24 paragr.3, letter e) "investments from own sources materializing in new properties belonging to public assets, as well as developments and refurbishments of public assets" can be depreciated and recovered in terms of tax by depreciation of deduction, according to the provisions of this article.

Pursuant to Assignment agreement no. 171/27.12.2004, concluded between SC Hidroelectrica SA and Ministry of Economy and Commerce for a 49 years period regarding assignment of properties making the public assets registered in balance on 31.12.2003 is of 3,474,417,706 RON representing:

- barrages 1,632,657,572 RON
- pier 1,585,267,518 RON
- locks 256,492,616 RON

This value is registered only in account 8038.01 " Assigned assets belonging to public assets according to MPFD no. 94".

Based on Assignment Agreement Company should pay for using public assets an 1‰ (one in a thousand) annual royalty from revenues realized after production of electric energy and technological ancillary services.

#### **J. Depreciation of assets**

Tangible assets and other long term assets, including commercial fund and intangible assets, are revised in order to identify losses from depreciation whenever events or changes indicate that the accounting value cannot be recovered. Loss from depreciation represents the difference between accounting value and maximum between sale price and use price. For calculating this loss, assets are grouped to the lowest level of detail for which independent cash flows can be identified.

Company's unconsolidated financial position and consolidated operating result are partially dependent on the decisions of the National Energy Regulatory charges on electricity delivered by the regulated market supply and distribution companies (see Note 13), the changes in tariffs and / or decisions of the Romanian state, not influenced solely by the Company's management decisions, these issues diminish its influence on the Company's consolidated operating result and the recoverability of the net accounting value of tangible assets used in the production of electricity. However, the energy sector faces permanent restructuring, which could have a significant impact on the Company, its future activity, and the predictability of future revenues of the Company. Therefore, although on December 31, 2012 there are indications of impairment of property, plant, and company has not performed a review of depreciation on tangible assets. These financial statements do not include adjustments that might result from the outcome of these uncertainties. Our opinion does not express reservations about this.

#### **K. Inventory**

Inventories consist primarily of spare parts, consumables, auxiliary materials and other inventories used in the operation of hydropower as well as value of repair and maintenance works. Company records inventories at cost, fee or purchase price, transport and when applicable, discounts received the cost of processing and other costs incurred in bringing the inventories in appropriate from on reporting date. Accounting for inventory quantity and value are using intermittent inventory.

Inventories are presented in the financial statements to the minimum between the acquisition cost and net realizable value, respectively reduced acquisition cost by the amount of the depreciation provisions. Inventories are recognized as an expense or capitalized as appropriate, when using applying FIFO method of costing.

#### **L. Clients and assimilated costs**

Clients' accounts and assimilated accounts include issued and unpaid invoices until 31.12.2012 for hydro power generation, functional ancillary services, and other services outside the core business, with revenues in less than 12 months. Clients' accounts and assimilated accounts are recorded at nominal value, diminished with estimated realizable value by recording the provision for doubtful clients. Final losses may vary from current estimates; however management believed to have presented the best estimate of losses.

#### **M. Cash and cash equivalent**

Cash and cash equivalents include petty cash, bank accounts, and short term bank deposits. Foreign currency accounts are presented in RON at the exchange rates valid at the end of the year. Cash loans (overdraft) are treated as current liabilities.

Balances with banks include: availability in RON and foreign currency, short-term bank loans are developed in each bank separately, analytic in domestic and foreign currency. Interest payable and the receivable are recorded separately in accounting, under financial income or financial expenses, as appropriate. Operations on the receipts and payments are recorded in the accounting currency at the exchange rate at the date of transaction.

For the purpose of cash flow statement, cash loans are considered as component of cash and cash equivalent items.

## **N. Share capital**

Subscribed and paid in share capital was altered in 2012 as shown in Equity Modification Statement. The value of the subscribed and paid in share capital on 31 December 2012 was of 4,475,643,070 RON. According to Law no. 1481/24.11.2005 regarding incorporation of the share capital "Fondul Proprietatea" SA was divided on shareholders, juridical entities, as follows:

- State, represented by Ministry of Economy, Commerce and Business Environment with 80,0561%
- SC "Fondul Proprietatea" SA with 19,9439 %

Company recognizes changes performed to the subscribed and paid in share capital after obtaining approval from General Meeting of Shareholders or the Board of Administration, and after registration at the Trade Register.

## **O. Dividends**

Dividends are recognized as a liability when declared and their distribution approved. For failure to pay delay penalties are due under the legislation in force.

## **P. Loans**

Short and long term loans are initially recorded at the amount received, net of transaction costs. Short term portion of long term loans are classified in "Liabilities to be paid within a year" together with accrued interest on balance sheet date in "Amounts owed to credit institutions" within short term liabilities.

## **Q. Commercial liabilities**

Short term commercial liabilities (maturing in less than 12 months) are registered at nominal value, which approximates fair value of amounts payable for goods or services and are mainly represented by invoices issued for goods and services.

## **R. Provisions for risks and expenditures**

Provisions for risks and expenditures are recognized when the Company has a legal or constructive obligation resulted from past events, and to settle the obligation is required an outflow of resources embodying economic benefits, and when a reliable estimate can be made in terms of value obligations. Provisions are reviewed at each balance sheet date and adjusted to reflect the best management's estimate in this regard.

Provisions were established for:

- Provisions for litigation
- Provision for restructuring
- Provisions for pensions and similar expenses,
- Other provisions
- Impairment of assets and impairment of inventories
- Value adjustments to receivables-customers

## **T. Subsidies**

Investment subsidies recognized by the Company in accordance to the legislation in force, have been shown as advance revenue and registered in profit and loss account, on a systematic basis, for the periods in which the investments are depreciated (subsidies for investment nature of private property) respectively in capital accounts, at commissioning of investment objectives (investment subsidies to the nature of public assets list). In 2011 SC Hidroelectrica SA has not received subsidies for investment.

#### **U. Profit and loss account**

Effects of transactions and other events are recognized and registered in accounting when they occur and are presented in the financial statements of periods related to historical cost.

#### **V. Revenue recognition**

Revenues' recognition should be at historic cost. Effects of transactions and other events are recognized when occurring and are registered in accounting even if documentary proof is produced later (to comply the principle of economy prevailing over juridical) and reported in financial statements of the periods corresponding to the principle of independence of the financial year.

Revenues are recognized when rendering the service and selling goods at prices set by the contract. Amounts received in advance are recognized as revenue in the accounting periods when the services are provided.

#### **W. Operating expenses**

Operating costs are registered on expenses in the period when performed, at their historical cost.

#### **X. Expenses with personnel**

Labor costs represent total expenditure incurred by the company concerned in cash salaries and benefits provided under the Collective Labor Agreement on branches and units and social security contributions, social health insurance and unemployment benefits and the cost of training.

These rights are recognized in expenses and recorded in the profit and loss account in the same period with other salary connected expenses. Both Company and each employee are required by legal regulations in force to contribute to health insurance, pension and unemployment funds.

#### **Y. Employees' benefits**

All employees with working contract receive meal vouchers in accordance with the Collective Labor Agreement, receive fixed bonuses for Easter and Christmas holiday, bonuses awarded on the Fidelity jubilee premiums, retirement, and other benefits.

In accordance with Government Decision no. 1041/2003 and no. 1461/2003, the Company provides in kind in benefits the form of free energy to employees who have retired from the power system. Also, in accordance with the Collective Labor Agreement ("CLA"), the Company provides benefits to both employees - based on seniority in the company - and former employees at retirement, if certain conditions are fulfilled. The Company also provides in kind benefits in the form of free energy to employees who have retired when certain terms and conditions are met.

The benefits provided by the Company include the following:

- Retirement awards ranging from 3 to 12 gross monthly base salary depending on years of service in the Company at the date of retirement;
- Jubilee premiums between 1 and 6 gross monthly base salary depending on the number of years of service with the Company;
- Free electricity paid after retirement if certain conditions are met;
- Aid granted bereavement for employees and their families as well as retired former employees of the Company, when certain conditions are met.

The company has made provision for benefits granted under the CLA and GD. 1041/2003 and no. 1461/2003, based on periodic actuarial calculations performed by independent actuaries' specialists, in amount of 62,290,875 RON. On December 31, 2012 these were not updated on the basis of actuarial calculation.



## **Z. Indebtedness costs**

Indebtedness costs include interest and other expenditures incurred by the Company in connection with the loans. SC Hidroelectrica SA record as an expense the Indebtedness costs in the period to which they refer to, according to the principle of accrual accounting.

## **AA. Income Tax**

Current income tax is calculated according to tax regulations in force. Current income tax calculation is based on results reported in the income tax declaration issued on the financial statements, prepared following Romanian standards and adjusted for certain items according to the legislation in force. Current tax is calculated as a percentage of the accounting profit obtained according to Romanian legislation, adjusted for certain positions pursuant to tax legislation (with fiscally deductible and non deductible expenses, and taxable and nontaxable income).

## **BB. Tax liabilities**

Tax liabilities are calculated, recorded, reported and paid in accordance to legislation in force regarding Company's and employees' obligations.

### *Taxation*

The tax system in Romania is constantly changing and is subject to varying interpretations. In some cases, the tax authorities may treat differently certain issues, the calculation of additional taxes and delay penalties (interest rate 0.04% per day of delay and penalty between 5-15% on the remaining balance to be paid). In Romania, the financial year remains open for tax inspections for 5 years. The Company's management believes that tax liabilities included in these financial statements are appropriate.

## **CC. Contingent liabilities**

Contingent liabilities represent:

- a possible obligation arising as a result of a past event, before the balance sheet was prepared, and whose existence will be conformed only after the occurrence or non-occurrence of one or more uncertain future events that cannot be entirely under the control of the company;
- a current obligation arising out of past events, previous to preparing the balance sheet, but not recognized because:
  - Not sure that will require outflow to settle the debt
  - Amount of debt cannot be evaluated reliably enough

Company does not recognize contingent liabilities in the balance sheet.

## **EE. Affiliated parties**

Parties are considered related if one party, either through ownership, contractual, or other family relationship is able to control, directly or to significantly influence the other party.

Parties fulfilling conditions stipulated in art.3, Ch. II of Directive VII, integral part of MPFD no. 3055/2009, and which were considered affiliated parties to SC Hidroelectrica SA represent its 8 subsidiaries (Hidroserv) (Note 10).

## **NOTE NO. 7    SHARES AND OBLIGATIONS**

### **a) Shares**

According to Law no. 1481/24.11.2005 Romanian State holds 80.0561% of Company's share capital, as major shareholder, represented by Ministry of Economy, Commerce and Business Environment and by SC Fondul Proprietatea SA which holds a quota of 19.9439%.

On 31 December 2011 the share capital was made up of:

	31.12.2011	31.12.2012
1. Subscribed and paid in share capital, out of which:		4,475,643,070
- Romanian State represented by Ministry of Economy, Commerce and Business Environment	4,449,514,450	3,583,025,290
- SC "Fondul Proprietatea" SA	3,562,107,740	892,617,780
	887,406,710	
2. Number of shares:	444,951,445	447,564,307
- Romanian State represented by Ministry of Economy, Commerce and Business Environment	356,210,774	358,302,529
- SC "Fondul Proprietatea" SA	88,740,671	89,261,778
3. Nominal value	10 Ron/share	10 Ron/share

All shares are commune, subscribed and integrally paid on 31 December 2012.

All the actions have the same voting right and a par nominal value of 10 Ron/share.

b) **Obligations**

Company has not issued any share by 31 December 2012.

**NOTE NO. 8 INFORMATION REGARDING NUMBER OF EMPLOYEES IN 2012**

**1. INFORMATION REGARDING PERSONNEL**

SC Hidroelectrica SA, in terms of specific activity and according to the licenses granted, has used in most cases personnel with working contract concluded for an indefinite period, and with a high degree of skill.

1.1. Evolution of SC Hidroelectrica SA personnel in 2011 and 2012:

	2011	2012
Average personnel, persons	5,243	5,199

1.2. Existing number of persons on 31 December in 2011 and 2012 in SC Hidroelectrica SA:

	31 December 2010	31 December 2012
No of existing personnel, persons	5,218	5,115

**2. INFORMATION REGARDING PERSONNEL CONNECTED EXPENSES**

Expenses with personnel in 2012 compared to 2011 are presented below:

	2011	2012
Total expenses with personnel	424,335,206	418,863,325
- salaries and benefits	327,009,876	322,419,585
- social security	97,325,330	96,443,740

Company has no obligations regarding pensions to former managers and directors and has not granted any credit to managers and directors during exercise. Expenses connected to managers' salaries (including subsidiaries) and Company's directors in 2012 represent an amount of 14,441,921 RON.

NOTE NO. 9 ANALYSIS OF MAIN ECONOMIC AND FINANCIAL INDICATORS

INDICATORS

	Indicators	2010	2011
1.	Synthetic indicators on the balance sheet (RON)		
	a) GROSS PROFIT (-A)	39,609,944	(487.621.356)
	b) EBITDA	873,581,226	853.947.101
	c) EBIT	140,282,934	(382.907.910)
	d) TURNOVER	3,020,591,574	2.402.785.281
	e) OWN EQUITY	16,489,796,972	16.039.945.669
2.	Profitability indicators (%)		
	a) EBITDA total sales	28.92.%	35.54%
	b) EBITDA own equity	5.30%	5.32%
	c) EBIT in total sales	4.64%	-15.94%
	d) EBIT in own equity	0.85%	-2.39%
	e) Gross profit rate	1.31%	-20.29%
	f) Return on equity	0.04%	-3.04%
3.	Liquidity ratios (%)		
	a) Current ratio	23.18%	15.77%
	b) Immediate liquidity	19.21%	11.66%
4.	Risk indicators		
	a) indebtedness ratio	0,15	0,14
	b) interest ratio	1,38	-3.21
5.	Activity indicators (days)		
	a) debits' flow- clients	33	28
	b) credits' flow - suppliers	110	125

NOTE NO. 10 OTHER INFORMATION

a) Information regarding the Company

SC Hidroelectrica SA is a Romanian registered company, operating as a joint venture company, performing activities according to the Romanian legislation.

SC Hidroelectrica SA duration is unlimited, starting with the incorporation at Trade Register.

Company is registered under no. J40/7426/2000, with fiscal registration number 13267213.

SC Hidroelectrica SA headquarter is in Romania, Bucharest 3 Constantin Nacu Street, sector 2.

SC Hidroelectrica SA main object of activity represents production and supply of electric energy by exploiting the hydrological potential according to the legislation in force, development of appropriate commercial activities corresponding to the object of activity and the approved memorandum, based on production license no. 332/24.07.2001 given by ANRE in Decision no. 702/24.07.2001, license providing ancillary services no. 333/24.07.2001 given by ANRE in Decision no. 703/24.07.2001 and electric energy supplying license no. 32/27.05.2010 given by ANRE no. 1387/27.05.2010. All decision granted by ANRE are periodically updated. Currently, license for production is valid according to Decision no. 312/11.02.2010, for providing ancillary services the Decision 851/08.07.2005 is valid and for electric energy supplying license Decision no. 1387/27.05.2010 is valid.

On 20.06.2012, following a request made by the Company, it was opened the general insolvency procedure pursuant to Law no. 85/2006, as amended and supplemented through the conclusion of the meeting no. 22456/3/2012 given by the Bucharest Court, Section 7 Euro INSOL SPRL was appointed Legal Administrator.

Following the opening of general insolvency proceedings dated 20.06.2012, Moody's rating agency has decreased progressively Company rating and on 29.06.2012 decided to withdraw its rating services, as Company is considered of major risk unable to fulfill a long-term obligations.

Hidroelectrica is composed of 13 secondary offices having subsidiary status, without legal personality, and the premises are the following:

No.	Subsidiary	Place	Address
1	HPP Bistrița	Piatra - Neamț	13 Lt. Draghicescu Street
2	HPP Buzău	Buzău	1 Dorin Pavel Street
3	HPP Curtea de Argeș	Curtea de Argeș	82 - 84 Basarabilor Blvd.
4	HPP Cluj	Cluj - Napoca	1 Taberei Street
5	HPP Hațeg	Hațeg	38 bis Progresului Street
6	HPP Porțile de Fier	Drobeta - Turnu Severin	2 I.C. Bibicescu Street
7	HPP Ramnicu Vâlcea	Ramnicu Vâlcea	11 Decebal Street
8	HPP Sebeș	Sebeș	9 Alunului Street
9	HPP Slatina	Slatina	158 Tudor Vladimirescu Street
10	HPP Targu Jiu	Targu Jiu	1 Vasile Alecsandri Street
11	HPP Oradea	Oradea	34 Ogorului Street
12	HPP Caransebeș	Caransebeș	2A Splai Sebes Street
13	HPP Sibiu	Sibiu	45 Rahova Street

**b) Information regarding Company’s relation to subsidiaries**

SC Hidroelectrica SA has other 8 subsidiaries, with juridical personality, in which SC Hidroelectrica SA has participated to share capital as sole shareholder, according to GD no. 857/2002. Shares with a value of 17,200,370 RON represent Company’s property.

SC Hidroelectrica SA subsidiaries are:

No.	Subsidiary	Place	Address
1	Hidroserv Bistrița	Piatra - Neamț	13 Lt. Draghicescu Street
2	Hidroserv Cluj	Cluj - Napoca	1 Taberei Street
3	Hidroserv Curtea de Argeș	Curtea de Argeș	1 Barajului Street
4	Hidroserv Hațeg	Hațeg	38 bis Progresului Street
5	Hidroserv Porțile de Fier	Drobeta Turnu Severin	2 Calea Timișoarei,
6	Hidroserv Ramnicu Vâlcea	Ramnicu Vâlcea	269 Calea București
7	Hidroserv Sebeș	Sebeș	9 Alunului Street
8	Hidroserv Slatina	Slatina	158B Tudor Vladimirescu Street

On 31.12.2012 value of the in kind contribution to the share capital of Hidroserv subsidiaries is in amount of 58,039,420 RON.

During 2012, compared to 2011, transactions of the Company with its subsidiaries are as follows:

Description	31 December 2011	31 December 2012
Services to subsidiaries	1,278,893	855,158
Revenues from shares own by the Company in subsidiaries	6,652,236	4,727,487
Acquisition from subsidiaries	437,469,718	332,222,573

For year ending on 31 December 2012, acquisitions from subsidiaries represent:

- 244,243,810 RON – repair works performed by Hidroserv;
- 62,789,584 RON – inputs in assets from works performed by subsidiaries;
- 24,799,835 RON – other services to subsidiaries;
- 389,344 RON – acquisition of materials from subsidiaries.

On 31 December 2012, receivables and liabilities regarding subsidiaries are:

Description	31 December 2011	31 December 2012
Receivables from subsidiaries	367,764	263,159
Dividends from subsidiaries	1,451,706	5,955,620
Payables to subsidiaries	98,207,233	108,073,339

On 31 December 2012, liabilities to subsidiaries represent:

- 87,202,036 RON – current commercial debts;
- 20,871,303 RON - performance bonds.

**c) INVENTORIES**

Description	31 December 2011	31 December 2012
Supplies	104,780,551	106,730,730
Goods	136,456	115,376
Packages	52,662	43,107
Advance for stocks	-	20,373
Adjustments of value	(138,521)	(83,638)

SC HIDROELECTRICA SA  
 EXPLANATORY NOTES TO FINANCIAL SITUATIONS STATEMENTS  
 FOR FINANCIAL EXERCISE ENDED ON 31 DECEMBER 2012  
*(all amounts are expressed in RON unless otherwise stated)*

	2011	Increase	Decrease	2012
Impairment of consumables (acct.392)				
	137,323	29,754	84,637	82,440
Impairment of inventory and packaging (acct.395 + acct.398)				
	1,198	-	-	1,198
III. Total adjustments for impairment of inventories	<b>138,521</b>	<b>29,754</b>	<b>184,637</b>	<b>83,638</b>

**Impairment of inventories** amounting to 83.638 RON represent value adjustments constituted for impairment materials, inventory items, packaging and related spare parts, inventory without moving proposed for disposal.

d) Cash and bank accounts

Bank accounts	31 December 2011	31 December 2012
Accounts in RON	64,489,056	48,275,271
Accounts in foreign currency	10,926,884	5,631,712
Cash	394,445	311,305
Treasury advances	2,284	1,902
Cash equivalents	1,339,308	1,150,078
<b>TOTAL</b>	<b>77,151,977</b>	<b>55,370,268</b>

e) Income

	U.M.	31 December 2011	31 December 2012
1. Total delivered energy	MWh		
(A+B+C) of which:	RON	18,269,579	12,824,287
	MWh	2,540,264,281	1,927,716,204
A. Energy delivered on Regulated	RON	3,868,726	4,104,075
Market, of which:	MWh	334,050,831	293,997,101
Delivery for captive consumers and	RON	3,868,726	4,104,075
Distribution operators (Electrica)	MWh	334,050,831	293,997,101
B. Energy delivered on Competition	RON	12,891,972	6,847,131
Market, of which:	MWh	1,711,713,812	1,056,713,971
Eligible and Licensed Suppliers	RON	12,075,293	6,490,220
	MWh	1,580,845,306	997,783,742
Export	RON	816,679	356,911
	MWh	130,868,506	58,930,229
C. Energy supplied to other markets	RON	1,508,881	1,873,081
Of which:	MWh	494,499,638	577,005,132
	RON		
Other producers	MWh	39,068	-
		5,361,420	
Next Day Market	RON	161,721	335,745
	MWh	33,510,613	62,183,152
Bilateral Contracts Market	RON	-	86,299
	MWh	-	22,224,013
Transelectrica (Balance Market	RON	1,141,145	1,365,356
PRE Members	RON	144,511	68,420
	MWh	70,999,968	28,395,692
Direct consumers	RON	22,436	17,260
		9,166,925	7,850,762
	RON		401,505,123
2. Ancillary services, transport, market		450,226,551	
administration, of which:			
Delivered to Transelectrica SA secondary	RON		307,475,454
adjustment, frequency / power, reserve			
power, providing reactive power control		286,834,213	
voltage)			57,647,939
System services, transport and market			
administration of Competitive market	RON	133,957,238	
Invoiced transport for energy sold on	RON		36,381,730
Regulated Market	RON	29,435,100	
3. Green Certificates	RON	8,687,827	44,860,342
4. Emission reduction units	RON	11,062,633	19,652,004
5. Industrial water services	RON	1,062,468	1,138,627
6. Other services		12,807,920	8,202,185
7. Other income from operation		22,937,737	15,340,950
<b>TOTAL OPERATING INCOME</b>	RON		
<b>(1*2+3+4*5*6+7)</b>	<b>U.M.</b>	<b>3,047,049,417</b>	<b>2,418,415,434</b>

**f) Information regarding tax on profit**

Main economic and financial indicators on 31.12.2012 realized by Company are:

No.	Description	Value
1	Turnover	2,402,785,281
2	Operating revenues	2,418,415,433
3	Operating expenses	2,739,965,237
4	<b>Operating result (profit) (row 2 –row 3)</b>	<b>-321,549,804</b>
5	Financial revenues	143,590,425
6	Financial expenses	309,661,978
7	Financial result (loss) (row 5 – row 6)	-166,071,552
8	Total revenues	2,562,005,858
9	Total expenses	3,049,627,214
10	<b>Gross profit (row 8 – row 9)</b>	<b>-487,621,355</b>
11	Legal reserve (5%)	-
12	Nontaxable Revenues	48,470,639
13	Non deductible expenses	491,967,271
14	Other revenue elements resulted from destination change of revaluation surplus (acct. 1065) act to. GMS no. 14/2011	173,571,103
15	Taxable profit (row 10 – row 11 – row 12 + row 13 + row 14)	129,446,378
16	Fiscal loss to be recovered from previous years	-
17	Taxable profit (row. 15 - row.16)	129,446,378
18	Tax on profit 16%	20,711,421
19	Tax credit, representing sponsorship / patronage, private scholarships within the limit provided by law	322,246
20	Tax on profit on 31.12.2012	20,389,175

After applying all tax regulations in force on 31.12.2012, had calculated a taxable income of 129. 446. RON 378 for the Company which was considered tax, applying the rate of 16%, in amount of 20,389,175 RON, after deducting the tax credit in the amount of 322.246 RON. On 31.12.2012 Company does not owe tax to the state budget for 2012 because there were other expenses and income for financial years on the reported result that led to the correct tax due on financial downward value of 20,518,264 RON. Also, during 2012 payments were made to the state budget, representing income tax in the amount of 8,995,885 RON. Thus on 31.12.2012 Company has a receivable to recover from the state budget in the amount of 9,867,751 RON.

Company’s taxable profit on 31.12.2012 due mainly to non-deductible expenses is in amount of 491,967,271 RON representing:

- **337,435,423 RON** expenses for impairment of property, plant and equipment recorded as decrease in the value of tangible assets, especially land, after performing on 31.12.2012 revaluation of fixed assets and depreciation adjustments due to construction and malfunctioning equipment at a fair value on 31.12.2012.
- **76,270,610 RON**, expenses with provisions set for disputes in 2012 pending the appeal to the preliminary table of published claims, following the opening of general insolvency proceedings dated 20.06.2012, late payment, litigation for expropriation, provisions for personnel restructuring that took place in January-February 2013.
- **37,169,706 RON** adjustments for doubtful receivables as well CET Brasov, SC Euro-PEC SA, SMR Bals



Non taxable income on 31 December 2012, are in amount of **48,470,639 RON** and represents:

- **8,698,965 RON** revenue provision set aside for litigation with SC Romenergo SA, for late payment of claims admitted in the preliminary table. The dispute ended by giving up the right to contest.
- **9,647,318 RON** depreciation income adjustments resulting from the increase in the value of property, which previously have been decreasing in value as a result of revaluation of tangible assets on 31.12.2012.
- **24,126,498 RON** income adjustments set aside for doubtful debts for SC Euro-PEC SA, SMR Bals. With these customers were established debt rescheduling transactions, respecting terms of payment and were secured by real estate (SC Euro-PEC SA) and security check file (SMR Bals).
- **4,727,487 RON**, income from collecting dividends from subsidiaries.

Similar income items, in amount of 173,571,103 RON registered in calculating the tax of 2012 represents revaluation reserve due to revaluations of property made after 1 January 2004, the tax deduction in calculating the extent of the tax expense representing amortization of surplus value.

**g) Information regarding audit**

The financial statements for 2012 have been audited by Deloitte auditing company, in accordance with the contract registered by Hidroelectrica under number 43/26.02.2013.

We should mention that object of the contract represents provision of audit services in accordance to applicable standards for financial statements, prepared pursuant to MFPD no.3055/2009 and International Financial Reporting Standards for the financial year ending December 31, 2012.

**NOTE NO. 11 PARTICIPATING TITLES**

**SC Hidroelectrica SA participating titles in Company’s subsidiaries**

On 31 December 2012 SC HIDROELECTRICA SA holds, as sole shareholder, participating titles in HIDROSERV subsidiaries, of a total amount of **58,039,420 RON**, out of which:

1. 17,200,370 RON represent participating titles held by SC HIDROELECTRICA SA as shareholder in share capital of companies according to GD no. 857/2002, art.1;
2. 40,839,050 RON represent Company’s in kind contribution in HIDROSERV’s share capital:

No.	Company	Type of share capital	No of shares	Nominal value (RON)	Share capital according to GD no. 857/2002	Fixed assets in kind contribution
1	SC Hidroserv Bistrița	State owned	446,967	4,469,670	877,660	3,592,010
2	SC Hidroserv Cluj	State owned	912,525	9,125,250	2,450,850	6,674,400
3	SC Hidroserv Curtea de Argeș	State owned	659,176	6,591,760	599,240	5,992,520
4	SC Hidroserv Hațeg	State owned	652,000	6,520,000	586,870	5,933,130
5	SC Hidroserv Porțile de Fier	State owned	842,291	8,422,910	3,874,670	4,548,240
6	SC Hidroserv Ramnicu - Vâlcea	State owned	1,117,841	11,178,410	5,663,530	5,514,880
7	SC Hidroserv Sebeș	State owned	562,995	5,629,950	1,178,120	4,451,830
8	SC Hidroserv Slatina	State owned	610,147	6,101,470	1,969,430	4,132,040
9	TOTAL		5,803,942	58,039,420	17,200,370	40,839,050

Participating titles in other companies:

No.	Company	Type of share capital	No. of shares	Nominal value (RON)
1	Romanian Stock Exchange	Mixt	90	900

**NOTE NO.12      SUBSIDIES**

**In 2011 SC Hidroelectrica SA has not received subsidy from the state budget, namely budgetary loans pursuant to State Budget Law.**

1. Balance of account 4751 "State subsidies for investments" at the end of 2012 is in the the amount of 161,899,823 RON, representing:
- **76,987,151 RON, the ongoing value of assets and/or to be depreciated at the end of 2012, from the development fund received from Ministry of Industry between 2001 - 2002;**
  - 84,921,672 RON, the ongoing value of assets and/or to be depreciated at the end of 2012, from the development fund received between 2003 - 2004.

In balance of account 4751 were registered both subsidies for assets investment of public nature and subsidies for private property investments.

2. Balance of account 4753 „Donation of tangible assets - SH Slatina" in the the amount of **762,310** RON and represent value of assets (residential) received free of charge from Hidroconstructia.
3. Balance of account 4754 "Constant assets plus products inventory" in the the amount of **379,469** RON.
4. Balance of account 4758 "Other amounts received as investment subsidies" has a value of 31,198,268 RON and represent:
- 3,170 RON, donations from state budget;
  - 100,508 RON, assets received free of charge;
  - 108,612 RON, subsidies connections;
  - 30,985,978 RON, subsidies received by protocol in 2002.

**NOTE NO. 13   FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Legislative and regulatory changes have prompted the company to address the issue of risk management in a proactive manner, which continues to be developed.

In accordance with the Ministry of Public Finance Order no. 946/2005 for the approval of the Code regarding standards of internal control management / internal control and public entities to develop management control system, amended and updated, both in the executive branches and in Hidroelectrica were appointment decisions issued for the Commission for monitoring, coordination and methodological guidance to the implementation of standards of management / internal control.

Both the executive branches and Hidroelectrica have developed programs of measures for the development of internal / managerial control.

Strategic risks of major importance and manner of management and mitigation were identified, as follows:

**Risk due to economic environment**

The adjustment values of risk on international financial markets during recent years has affected their performance, including financial and banking markets in Romania, leading to an uncertain

increase regarding the future economic development.

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(all amounts are expressed in RON unless otherwise stated)

Company's partners may be affected by the crises liquidity, which could affect their ability to reimburse the outstanding loans. Also, deterioration in operating costs may affect creditors and management of cash flow provisions and assessment of the depreciation of financial assets and non financial assets. The extent that information is available, management has reflected revised estimated of future cash flows in its depreciation policy.

Company's management cannot predict events that could have an effect on the banking sector in Romania and the subsequent effect that might influence prosperity of the population / economic agents for consumption.

### **Price risk**

Currently price of electricity delivered to regulated market is not influenced solely by the company's decisions, it is agreed and reviewed periodically by the National Energy Regulatory Authority for approval of the Competition Office and the price of electricity to final consumers is monitored by the Government and the World Bank.

The current legal framework allows producers to sell electricity to eligible customer on free market by concluding bilateral agreements. Possible risk of price fluctuations is not covered by derivatives.

### **Liquidity risk**

Liquidity risk (also called funding risk) is the risk that an entity will encounter difficulty in procuring the necessary funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to quickly sell a financial asset at an amount close to its fair value.

Prudent liquidity risk management implies maintaining sufficient cash and available credit lines, by continuous monitoring of estimated and actual cash flows and matching the maturity of assets and liabilities. On 31 December 2012 and 31 December 2011, the Company recorded net current liabilities which indicate increased liquidity risk.

### **Hydrological risk**

The production level is limited due to both installed capacity and the prevailing hydrological situation. Dry weather affects the ability to produce and fulfill contractual obligations, while wet weather gives the opportunity to increase the maximum income with additional production. If Hidroelectrica hydrological situation might change it can reduce risks by:

- monitoring conditions and trends, in order to get the best data to be used in forecasts and estimates;
- a cautious approach to contractual obligations;
- monitoring markets for maximum revenue from sales outside the contract, if a surplus;
- consideration of diversification strategies through alternative production sources, including unconventional sources

### **Interest Rate Risk**

Company's operating cash flows are affected by changes of interest rate, mainly due to foreign currency loans contracted with internal and external financing banks.

Company may be affected by the changes that occur in exchange rates and interest level rates. Currency risk determined by interest rate risk should fluctuate over time.

Currency risk is the risk caused by the interest rate and therefore the expense, will fluctuate over time. The Company has significant long-term loans with variable interest rates, which may expose

the Company to both the price risk, and cash.

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At the time of these financial statements, Company has not entered into transactions and has not acquired financial instruments to cover this risk.

### **Foreign currency risk**

Romanian currency is used on the internal market and long term foreign and domestic loans, financing costs are denominated in various foreign currencies. As a result, debts denominated in foreign currency are then expressed in RON. The resulting difference is included in profit or loss and does not affect cash flow until the debt liquidation.

At the time of these financial statements, Company has entered into transactions and has acquired financial instruments to hedge currency.

### **Legislative risks**

Fiscal inspections are common in Romania, consisting of the detailed examination of accounting records of taxpayers. Such inspections are carried out sometimes after months or even years to determine their payment obligations. Penalties regime has a positive character. In consequence, according to the results of these verifications, companies may be due to additional taxes and fines. In addition, tax legislation is subject to frequent changes, and authorities often show inconsistency in interpretation of legislation. However, company's directors believe that adequate reserves have been established for all significant tax liabilities.

In accordance with the provisions issued by the Minister of Finance, which governs the taxation of capital items that were not subject to the tax calculation on the date of registration in accounting, due to their nature, if the company will change in the future destination of revaluation reserves (by covering losses or distribution to shareholders), will lead to additional tax liabilities.

### **The real value of financial instruments**

Financial instruments held to maturity are included in the balance sheet at cost of purchase or redemption, as applicable. The real value is the value of the financial instrument that can change common transactions other than those caused by the liquidation or forced sale. Real values are obtained from quoted market prices or cash flow models, as the case may be.

On 31 December 2012 cash and other current accounts, receivables and payables and other current liabilities (including amounts owed to credit institutions), are close to the real value due to their short maturity

### **NOTE NO. 15 - BUSINESS CONTINUITY**

As a result of prolonged drought seen since April 2011, the Company has established the state of force majeure dated 30.09.2011, state that lasted until 01.05.2012 and restored on 10.08.2012, a situation that lasted until 30.11.2012. The procedure for activating the force majeure clause requires obtaining certificates from the Chamber of Commerce and Industry of Romania for sales contracts concluded with customers. During activation of clause, the Company delivers electricity to limit own production to all customers equally, without purchasing electricity from other producers.

Mainly due to prolonged drought, Company's results and financial position, the Board decided in its meeting of June 15, 2012 to submit an application to Bucharest Court for declaring the general insolvency procedure, in order to reorganize the business and in the end to emerge from insolvency and continue its commercial activities without the supervision of the court. Bucharest Court admitted on June 20, 2012 Hidroelectrica's application for entry into insolvency procedure, after which Remus Borza was appointed as Legal Administrator, coordinator of Euro INSOL insolvency company.

At the date of authorization of these unconsolidated financial statements, the insolvency procedure is completed; the Company is in the light observation procedure, finalization stage claims table, which indicates significant uncertainty regarding Company concern. Continuing the Company's business depends on the continuing support of its creditors, shareholders and the decisions of the Romanian Government. The Company's management and the Legal Administrator believes that further uncertainties will be solved in a manner favorable to the Company, stating the Company's reorganizing chances, results should be included in the reorganization plan prepared in accordance with the Insolvency Law. Given the above and taking into account the Company's strategic importance in the national energy system, Company's management of Legal administrator considers that company will continue to operate for the foreseeable future therefore considers appropriate to use the going concern assumption for the preparation of consolidated financial statements for the year ended 31 December 2012.

## **NOTE NO. 17 COMMITMENTS AND CONDITIONALITY**

### **1) Contracts for rehabilitation and modernization of hydro power plants**

During 2001 the Company signed a contract with Va Tech Hydro Ltd in value of 122 million EUR for rehabilitation and modernization of hydroelectric Portile de Fier 2 (8 groups) and hydroelectric plant from Gogosu (two groups), the deadline for completion is 2014. In early 2013 work for HPP Gogosu were denounced with a value of 54.5 million EUR.

The present contract price after reduction with the amount of work for HPP Gogosu and after supplementation due to work commitments and various price adjustments is in amount of 239,918,310 Euro. On 31 December 2012, the amount remaining to be executed according to the state of the works contract is 13,496,403 Euro for Portile de Fier 2.

In 2004 the Company signed a contract with Voith Siemens Hydro Power Generation GmbH. & Co. KG and Va Tech Escher Wyss GmbH. in value of 356.7 million EUR for rehabilitation and modernization of hydropower plant on Lower Olt (Ipotești, Drăganesti, Frunzăarii, Rusanesti, Izbiceni - 20 groups), the contractual completion term is 2013. The total value of the work was later amended. On 31 December 2012, the balance amount according to progress of the contracted work is of 6,416,148 EUR.

In June 2006, the Company signed a contract with SA Romenergo for rehabilitation and modernization works at the Romanian lock Portile de Fier 1, the deadline for completion of works is estimated for 2013. The initial contract value was in value of 166.85 million RON, later modifying value to the amount of 187.58 million RON. On 31 December 2012, the balance amount to be executed according to progress of the work contracted is of 29,769,393 RON.

In the context of the efficiency of the production of clean energy from renewable sources and reducing production costs in 2012, Hidroelectrica and Legal Administrator launched an invitation to the World Bank for considering whether to invest in 3 new projects for upgrading the HPPs Vidraru, Retezat and Mariselu, of particular importance for Hidroelectrica and National Power System.

In December 2012, the EBRD has agreed to resume the tender for the refurbishment of the HPP Stejaru after it was suspended in July 2012 due to the Company entering into insolvency. The auction will take place during 2013.

### **2) Environmental conditionality**

In 2012 actions were carried out for monitoring and controlling significant environmental aspects. The main activity was carried out in areas such as prevention of water pollution, land protection, removing the effects of floods and prevention and works to improve the landscape affected by water management.

Of the 231 hydropower objectives that require authorization, at the end of 2012 had obtained environmental permit only 184 objectives, representing 94% of the total. Validity periods are between 2013 -2021.

Controls carried out by local environmental authorities have reported deviations from compliance, fines were not applied and improvement measures were proposed by the environmental clearance was included in the annual work plans.

### **3) Penalties from suppliers' liabilities**

During 2012 the Company recorded late payment of outstanding debts in amount of 73,675,542 RON, representing mainly penalties applied and allowed to enrollment in the preliminary table of claims, published in BPI, following the general procedure of insolvency.

The Company established provisions for disputes pending on late payment penalties in amount of 54,276,345 RON, in accordance with the opinion of the Company's lawyers.

### **4) Other conditionality**

On 31.12.2012 the Company was involved in numerous pending litigations as:

- Disputes arising from the publication of "Preliminary Table receivables"
- Commercial litigation arising from the lack of liquidity for payment due dates of invoices issued by suppliers (for debtors and delay penalties and / or interest).
- Disputes arising from expropriation for public utility, in order to achieve the investment objective "of the river hydropower sector Stream Subcetate-Simeria" where owners / heirs of the land affected by investment demand compensation for land, and loss of use
- Settling disputes notifications received by the company on Law no. 10/2001
- Labor disputes which have as object:
  - Updating the inflation rate and default interest of emoluments for the period 2006-2007, paid by the company during 2008-2009
  - Issuance of certificates for ongoing activity in work group I or II.

In the opinion of the Company's lawyers, director and management of the Company considers that the disputes mentioned above, for which no provisions were constituted on 31 December 2012 will be favorable to the Company and have no negative impact on the unconsolidated financial statements for the financial year.

### **Litigations with Univers Trade Union and Hidroelectrica Hidrosind Branch**

The company was involved in a labor dispute with union federation Hidroelectrica Hidrosind, the file in question is registered under no. 38042/3/2007 at Bucharest Court - Section VIII - Labor disputes and social security.

During 2008, the Company concluded with the Trade Union Hidroelectrica - Hidrosind a transaction covering dispute settlement of the file. Through this transaction Hidroelectrica undertakes to pay all Company employees, regardless of union membership, staggered between 2008 - 2010, depending on the economic - financial results of the Company, the difference for the period 01.01.2006 - 31.12.2007 between actual wages and salaries paid due as a result of the indices hierarchy of the pay scale in force on 01.10.2005.

On this issue last payments were made during 2009 and recorded as an expense in the period in which was granted.

Subsequently, employees represented by Universe union federation and Hidroelectrica Hidrosind Branch had claimed territorial jurisdiction to the courts and updating the inflation rate paid for salary differences, and ordered the company to pay statutory interest for late payment. At this point, for most employees represented by Universe union federation such compensations were paid, therefore decisions of the courts become irrevocable. In terms of employees represented by Hidroelectrica Hidrosind Branch, disputes are ongoing. The management could not reliably estimate the value of these future payments. However, in the opinion of lawyers, director and management of the Company considers that they will not have a significant negative impact on the unconsolidated financial statements at 31.12.12.

#### **Disputes concerning buildings taken for reasons of public utility**

The company is involved in a number of legal disputes concerning real estate (mainly land) used in the current activity.

In terms of properties that fall under the Law 10/2001 (abusively taken in March 6, 1945 - December 22, 1989), SC Fondul Proprietatea SA is required to pay compensation, which was established to provide financial resources compensation f expropriation.

For disputes not covered by Law 10/2001, the Company's management periodically reviews pending litigation situation and carry consultation with its legal representatives to decide the need for clear provisions for the amounts involved or the presentation in the unconsolidated financial statements. Based on information available to the Company, management estimates that these disputes have a negative impact on the unconsolidated financial statements 31.12.2012.

#### **Other litigations**

Company is and could become part of legal disputes and at other public institutions or other actions before various courts from conducting its normal business and various issues involving contract, value added tax, income tax and other conditions. These processes and actions could not have a significant impact on the Company's financial position or the results of its operations

#### **Onerous contracts**

An onerous contract is a contract in which the costs required to fulfill the contractual obligations exceed the economic benefits to be obtained as a result thereof. These costs reflect the least net cost required for exit from the contract, which is less than the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfill it. Company management is not aware of any onerous contracts at the balance sheet date and had no provisions in this regard in these unconsolidated financial statements.

#### **Insolvency**

As discussed in Note 15, on June 20, 2012, the Company has entered into insolvency in order to be reorganized.

Following the insolvency procedure, parts of bilateral contracts for electricity sales were renegotiated and some were canceled.

On September 10, 2012 was submitted to the Bucharest Court the preliminary table of claims. Compensation, damages and penalties have been applied primarily to: Alpiq, Alro, Energy Holding and Nuclearelectrica. Some of the lenders have made a preliminary objection to the table. At the date of authorization of these situations all these complaints were resolved in favor of the Company, except those made by Alpiq, which are pending. Claims admitted in approval of Table preliminary receivables were updated on these unconsolidated financial statements, and are in amount of 3.5 billion RON, while those admitted under condition are in amount of 0.751 billion RON. Final Table of claims will be prepared after settlement of all disputes, but the director and the Company's management, based on the opinion of lawyers, considers that its completion will not have a significant negative impact on these unconsolidated financial statements.

Some creditors whose appeals were rejected by the court appealed against the first instance solutions. The company's lawyers control points out that for these unconsolidated financial statements the period has expired for the other creditors whose appeals were rejected. Company's lawyers considers that, in general, there are sufficient legal arguments that the solutions given by the bankruptcy judge in rejecting appeals from preliminary table of receivables to be retained by the court of appeal. Without prejudicing the above comment but, arguably, the final decision belongs to the court of appeal which is sovereign in assessing the legitimacy and validity of each of the appeals. The director and the Company's management said the completion of the appeals against first instance solutions will not have a significant negative impact on the Company's unconsolidated financial statements at 31.12.2012.

The amount of 391,847,413 RON requested by MECBE, namely the amount of 144,194,608 RON, representing Fiscal Agency's claim were tabulated in the table of claims under case solution no. 7774/1/2011 before the High Court of Cassation and Justice for the potential of undermining the national economy by some leading members of company. These amounts represent potential prejudice suffered by MECBE and Fiscal Agency to the extent that the offense to undermine the economy will be retained by the board members who are defendants in the case. Both MECBE and Fiscal Agency have a civil party in the criminal case and have called for introduction Hidroelectrica as civilly responsible party. On the date of unconsolidated financial statements, the file is in fact to be judged by the High Court and company lawyers cannot assess how this litigation will be solved due to its early stage.

## **NOTE NO. 17 EVENTS SUBSEQUENT TO BALANCE SHEET**

### **Relationship with financing banks**

In regular meetings with financing banks were presented:

- measures taken by the legal administrator on further reducing operating costs;
- analyzes of stage of investment portfolio are in progress and the intention to promote further financing priority investments to those securities which are very important for Hidroelectrica, within the limited financial resources that company can lay in future periods;
- positive changes in the financial results of the year 2013 as a result of ANRE decision no. 3312/19.12.2012 that set amount regulated market for 2013 to 3.9 TWh, 1.6 TWh less than in 2012 delivery and average price increased to 125 RON / MWh compared to 71 RON / MWh, the 2012 average price.

Line of credit with a nominal value of 80 000. RON contracted from Alpha Bank was extended until 31.03.2014.

On 11.04.2013, Hidroelectrica SA and Banca Transilvania have agreed to extend with 12 months the validity of company funds provided by banks as credit line with a limit of 120 million RON.

Credit line in value of 300 million RON, the contracted with BRD GSG was extended until 30.09.2013.

These unconsolidated financial statements have been signed by the Company's management on 15 May 2013.

Mihail Viorelian Stanculescu  
Director General



Aurel Lucian Cocos  
Director Financial

