2015 HALF YEARLY REPORT

(based on the consolidated unaudited financial statements prepared in accordance with IFRS)

REGARDING THE ECONOMIC-FINANCIAL ACTIVITY OF SDFEE ELECTRICA SA

according to art. 227 from Law 297/2004 regarding capital market and to annex no. 31 to CNVM Reg no.1/2006

for the six month period ending June 30, 2015

IDENTIFICATION DETAILS ON REPORT AND ISSUER

Report date: 14 August 2015

Name of the Issuer: SDFEE ELECTRICA SA

Head Office: Bucuresti, 9 Grigore Alexandrescu Str., sector 1

Telephone/Fax: +4021.208.5002; +4021.208.5004

Fiscal Code: RO13267221

Trade Registry No: J40/7425/2000

Share capital: RON 3,459,399,290 subscribed and paid in

Main caracteristic of issued shares: 345.939.929 ordinary shares of 10 RON nominal value, issued in dematerialized form and freely transferable, nominative, tradable and fully paid.

Regulated market where the issued securities are traded: As at 30 June 2015 the Company's shares are listed on the Bucharest Stock Exchange, and the GDRs are listed on the London Stock Exchange.

HIGHLIGHTS

The Group is the leading distributor and supplier of electricity in Romania. The Group's core business segments are the distribution of electricity to users and the supply of electricity to households and non-household consumers.

Electrica's distribution segment operates through its subsidiaries: Electrica Distributie Muntenia Nord, Electrica Distributie Transilvania Nord, Electrica Distributie Transilvania Sud and Electrica Serv (whose main activity is represented by maintenance and repairs of the distribution network) and it is geographically limited to Northern Muntenia, Northern Transylvania and Southern Transylvania. The Group holds exclusive Distribution Licences for these regions which have a remaining term of 12 years and may be extended for another 25 years.

As part of its distribution business, Electrica provides equipment maintenance, repair and other ancillary services to its network and, to a small degree, to third parties.

Electrica's supply segment operates through its subsidiary Electrica Furnizare and supplies electricity to consumers both on the regulated electricity market (in the regions where the distribution subsidiaries of the Group operate) and the competitive electricity market (throughout Romania). The Group also holds two supply licenses covering the whole of Romania, which have a remaining term of 6 and 7 years respectively and which may be renewed.

A summary of the main indicators is described below:

- During the six month period ending 30 June 2015 the Group distributed to approximately 3.6 million users 8.5 TWh of electricity, representing an increase of 6% compared to the same period last year. The Group operates in highly populated and industrialised areas of Romania.
- During the six month period ending 30 June 2015 the Group supplied to approximately 3.59 million end consumers 5 TWh of electricity, an increase of 1.7% compared to the same period last year
- Revenue from the distribution segment increased by RON 79 million, or 7%, to RON 1,033 million in the six month period ending 30 June 2015 compared to the six month period ending 30 June 2014
- Revenue from the supply segment increased by RON 103 million or 5 % to RON 2,166 million in the first half of 2015 compared to the first half of 2014
- The contributions to Electrica's revenue in the first half of 2015 by Electrica's distribution and supply segments were 36% and 64%, respectively
- The costs of salaries and employee benefits, repairs, maintenance and materials decreased by RON 64 million, or 15%, to RON 356 million in the six month period ending 30 June 2015 from RON 420 million in the six month period ending 30 June 2014
- Operational profit increased in the first half of 2015 by RON 37.7 million, or 14%, to RON 317 million, as compared to the same period in 2014
- During the first half of 2015 EBITDA reached 493 RON million, a 10% increase (RON 44 RON million), as compared to the first half 2014
- The contributions to Electrica's EBITDA in the six month period ending 30 June 2015 by Electrica's distribution and supply segments were 85% and 21%, respectively (taking into conideration all the business segments)
- The investments in the distribution network increased by RON 30 million, or 21%, to RON 175 million in the six month period ending 30 June 2015 from RON 145 million in the six month period ending 30 June 2014

ORGANIZATIONAL STRUCTURE

The Company is a holding company for the Group, which comprises four subsidiaries in its distribution segment: Electrica Distributie Transilvania Nord SA (”EDTN”), Electrica Distributie Transilvania Sud SA (”EDTS”), Electrica Distributie Muntenia Nord SA (”EDMN”), FISE Electrica Serv SA (”Electrica Serv”), and one subsidiary, Electrica Furnizare SA (”Electrica Furnizare”), in its supply segment.

The Company also owns all the shares of Servicii Energetice Moldova SA (“SE Moldova”), Servicii Energetice Oltenia SA (“SE Oltenia”), Servicii Energetice Muntenia SA (“SE Muntenia”), Servicii Energetice Banat (“SE Banat”) and Servicii Energetice Dobrogea (“SE Dobrogea”), but starting November 2014 and January 2015 respectively, it has lost administrative control over SE Banat and SE Dobrogea, as a result of these societies entering bankruptcy proceedings and, consequently, SE Banat and SE Dobrogea were not consolidated in the financial statements.

As at 30 June 2015 the major shareholder of Electrica SA is the Romanian State, represented by the Ministry of Energy, Small and Medium-sized Enterprises and Business Environment (48.78%), after the ownership dilution following an initial public offer. The second shareholder based on the share of ownership is EBRD with 8.66%.

Group entities as of 30 June 2015:

Source: Electrica S.A.

BALANCE SHEET HIGHLIGHTS

Selected financial information from the consolidated balance sheet – in RON th.

Indicator	30 June 2015 (unaudited)	31 December 2014 restated*	Variation (%)
ASSETS			
Non-current assets			
Intangible assets related to concession agreements	3,526,449	3,501,184	0.72
Other intangible assets	8,469	8,812	(3.89)
Property, plant and equipment	769,582	804,823	(4.38)
Deferred tax assets	61,069	59,625	2.42
Other non-current assets	6,026	7,970	(24.39)
Total non-current assets	**4,371,595**	**4,382,414**	(0.25)
Current assets			
Cash and cash equivalents	1,094,097	1,629,508	(32.86)
Deposits, treasury bills and government bonds	1,936,932	1,220,521	58.70
Trade receivables	769,257	780,821	(1.48)
Other receivables	9,826	24,611	(60.07)
Inventories	22,930	24,305	(5.66)
Prepayments	8,629	8,644	(0.17)
Green certificates	68,830	53,708	28.16
Income tax receivable	23,134	23,135	(0.00)
Total current assets	**3,933,635**	**3,765,253**	4.47
Total assets	**8,305,230**	**8,147,667**	1.93
EQUITY AND LIABILITIES			
Equity			
Share capital	3,814,242	3,814,242	0.00
Share premium	103,049	103,049	0.00
Treasury shares	-75,372	-75,372	0.00
Pre-paid capital contributions in kind from shareholders	2,862	3,273	(12.56)
Revaluation reserve	147,180	156,018	(5.66)
Other reserves	236,597	236,597	0.00
Retained earnings	1,221,250	1,246,635	(2.04)
Total equity attributable to the owners of the Company	**5,449,808**	**5,484,442**	(0.63)
Non-controlling interests	773,674	804,266	(3.80)
Total equity	**6,223,482**	**6,288,708**	(1.04)

**) Restated because of the application of IFRIC 12 and of the new accounting standards as of January 1st 2014, in accordance with IFRS-EU*

Indicator	30 June 2015 (unaudited)	31 December 2014 restated*	Variation (%)
Liabilities			
Non-current liabilities			
Financing for network construction related to concession agreements	148.193	151.486	(2.17)
Long term bank loans	4.500	-	-
Deferred tax liabilities	183.756	183.753	0.00
Employee benefits	220.382	220.382	0.00
Other payables	43.450	53.181	(18.30)
Total non-current liabilities	**600.281**	**608.802**	(1.40)
Current liabilities			
Financing for network construction related to concession agreements	82.402	99.064	(16.82)
Long term bank loans	10.800	-	-
Bank overdrafts	64.674	48.132	34.37
Finance lease	-	294	-
Trade payables	494.367	555.256	(10.97)
Payment of finance lease liabilities	341.900	-	-
Other liabilities	232.134	310.806	(25.31)
Deferred revenue	19.395	2.987	549.31
Employee benefits	112.427	146.714	(23.37)
Provisions	107.580	72.634	48.11
Current income tax liability	15.788	14.270	10.64
Total current liabilities	**1,481,467**	**1,250,157**	18.50
Total liabilities	**2,081,748**	**1,858,959**	11.98
Total equity and liabilities	**8,305,230**	**8,147,667**	1.93

**) Restated because of the application of IFRIC 12 and of the new accounting standards as of January 1st 2014, in accordance with IFRS-EU*

Non-current assets

In the six month period ending 30 June 2015 Electrica's non-current assets decreased by net RON 11 million, to RON 4,371.6 million from RON 4,382.4 million as at 31 December 2014. There has been, however, within this category of assets, a positive variation of the value of "Intangible assets related to concession agreements". During the first half of 2015, the largest transfers from property, plant and equipment in progress to property, plant and equipment are mainly the result of commissioning investment projects (Romanian PIF-uri). The most representative values for the investment works and commissioning of the works are presented in Annex 1.

Trade receivables

Trade receivables decreased by RON 11 million, to RON 769 million in the six month period ending 30 June 2015 from RON 780 million as at 31 December 2014. This variation is not significant in value as the level of the collection is relatively constant between periods after Electrica Furnizare SA collected the overdue receivables from the National Railway Company - Compania Nationala Caile Ferate Romane CFR SA ("CFR") (a state-owned company).

Cash and cash equivalents, deposits, treasury bills and government bonds

"Cash and cash equivalents" contains cash and cash equivalents, deposits, treasury bills and government bonds denominated in RON with a 3 month or less maturity.

"Deposits, treasury bills and government bonds" include deposits, treasury bills and government bonds denominated in RON with original maturity of more than three months with an average interest rate (yield) of 1.33%, as well as deposits with maturity of more than three months.

Overall, the cash position of the company increased by RON 181 million, or 6%, from RON 2,850 million as at December 2014 to RON 3,031 million as at 30 June 2015, the increase being attributable to the improvement of the operational performance, both in the distribution activity and in the supply activity.

Share capital

The issued share capital in nominal terms consists of 345,939,929 ordinary shares at 30 June 2015 with a nominal value of RON 10 per share and did not change since 31 December 2014.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared, and are entitled to one vote per share at General Shareholders Meetings of the Company.

The Company recognizes changes in share capital only after their approval in the General Shareholders Meeting and their registration by the Trade Register. The contributions made by the shareholder which are not yet registered with the Trade Register at the end of the period are recognized as "pre-paid capital contributions in kind from shareholders".

Treasury shares

In July 2014 the Company purchased for price stabilization purposes 5,206,593 ordinary shares and 421,000 Global Depositary Receipts, equivalent to 1,684,000 shares. The total amount paid for acquiring the shares and the Global Depositary Receipts was RON 75,372 thousand.

Dividends

Dividends for the year ending 31 December 2014, in amount of RON 244,692 millions, were declared on the basis of individual annual statutory financial statements of Electrica S.A..

The distribution of the dividends was approved by the OGMS through Resolution no. 1 from 27 April 2015 and payment started on 15 July 2015. The gross dividend per share approved by the OGMS was 0.7217 RON.

RESULTS OF OPERATIONS

Selected financial information from the consolidated income statement – in RON th.

Indicator	30 June 2015 (unaudited)	30 June 2014 restated*	Variation (%)
Revenues (from operations)	2,595,002	2,414,160	7.49
Other income (other operating income)	130,173	73,940	76.05
Electricity purchased	-1,289,455	-1,134,363	13.67
Green certificates	-167,728	-149,799	11.97
Construction costs related to concession agreements	-175,348	-145,148	20.81
Employee benefits	-316,164	-369,848	(14.52)
Repairs, maintenance and materials	-39,827	-50,578	(21.26)
Depreciation and amortization	-174,750	-170,693	2.38
(Impairment)/Reversal of impairment of property, plant and equipment, net	-1,754	371	-
Reversal of impairment of trade and other receivables, net	3,654	8,651	(57.76)
Other operating expenses	-212,275	-202,232	4.97
Change in provisions, net	-34,946	4,383	-
Operating profit	**316,582**	**278,844**	13.53
Finance income	20,856	13,864	50.43
Finance costs	-4,672	-11,598	(59.72)
Financial Profit/Loss, net	**16,184**	**2,266**	614.21
Profit before tax	**332,766**	**281,110**	18.38
Income tax expense	-55,681	-67,633	(17.67)
Net Profit	**277,085**	**213,477**	29.80
Profit for the period attributable to:			
- owners of the Company	210,469	144,070	46.09
- non-controlling interests	66,616	69,407	(4.02)
Net Profit	**277,085**	**213,477**	29.80

**) Restated because of the application of IFRIC 12 and of the new accounting standards as of January 1st 2014, in accordance with IFRS-EU*

Revenues from operations and other operating income

Electrica's revenues from operations and other operating income in the six month period ending 30 June 2015 and 30 June 2014 amounted to RON 2,725 million and RON 2,488 million, respectively, an increase in revenue by RON 237 million, or 9.5%,

The contribution to Electrica's revenue in the six month period ending 30 June 2015 by Electrica's electricity distribution and supply segments were 36% and 64%, respectively; and in the six month period ending 30 June 2014 they were 35% and 64% respectively.

Revenue from the electricity distribution segment increased by RON 79 million, or 7%, to RON 1,219 million in the six month period ending 30 June 2015 from RON 1,140 million in the six month period ending 30 June 2014, as a result of the increase in distributed volumes, 6% higher compared to the similar period of 2014, in line with the forecasts.

In the six month period ending 30 June 2015, revenue from the electricity supply segment increased by RON 103 million, or 5%, to RON 2,166 million RON from RON 2,063 million RON in the six month period ending 30 June 2014.

This increase is attributable to the increase in supplied energy by 2%, despite the slight decrease trend of the national consumption, as a result of the commercial policies implemented by Electrica Furnizare, as well as to the 9% increase in the value of the Green Certificates included in the invoice to the final consumers.

The value of the Green Certificates included in the invoice to the final consumer, set by ANRE, increased from 32.84 RON/MWh in the six month period ending 30 June 2014 (29.47 RON/MWh established following regularisation at the end of 2014) to 35.85 RON/MWh in the six month period ending 30 June 2015.

These elements countered the effect of the decrease with 3.8% of the average electricity selling price.

Electricity purchased

The expense for electricity purchased increased by RON 155 million, or 14%, to RON 1,289 million in the six month period ending 30 June 2015 from RON 1,134 million in the six month period ending 30 June 2014.

This increase was primarily attributable to the increase in the cost of the electricity purchased for supply and trading by RON 156 million, or 21%, to RON 912 million in the six month period ending 30 June 2015 from RON 756 million in the six month period ending 30 June 2014, due both to the increase in the average electricity acquisition price as well as to the increase in quantities supplied.

The cost of the electricity purchased to cover network losses decreased by RON 2 million, or 1%, to RON 247 million in the six month period ending 30 June 2015 from RON 249 million in the six month period ending 30 June 2014. The decrease was attributable to the decrease in the electricity acquisition price, which countered the 3% increase in the quantity of electricity acquired to cover the network losses.

The table below presents the structure of the electricity purchased expenses for the periods indicated.

Six month period ending 30 June (RON million)	2015	2014
Electricity acquired to cover network losses	247	249
Transmission and system services	130	129
Electricity purchased for supply and trading	912	756
Total electricity purchased	**1,289**	**1,134**

As a percentage of revenue, the cost of electricity purchased was the main cost of the Group, representing 47% in the six month period ending 30 June 2015 and 46% in the six month period ending 30 June 2014.

Green Certificates

Green Certificates are accrued in the profit and loss account based on the quantitative quota set by the regulatory authority, representing the amount of the Green Certificates that the Group has to purchase for the year and on the price of Green Certificates on the centralised market. The cost with the acquisition of Green Certificates is a pass through cost.

The cost for the acquisition of the Green Certificates increased by RON 18 million, or 12%, to RON 168 million in the six month period ending 30 June 2015 from RON 150 million in the six month period ending 30 June 2014.

This increase was mainly attributable to the increase in the number of Green Certificates aquired (related to the increased quota of Green Certificates imposed to the electricity suppliers), despite the 6% reduction in the price of Green Certificates from RON 138.6 per Green Certificate in the six month period ending 30 June 2014 (RON 135/Green Certificate established following regularisation at the end of 2014) to RON 130.85 per Green Certificate in the six month ending 30 June 2015.

In 2015, the regulatory Green Certificates quota imposed to the electricity suppliers by ANRE increased to 0.274 Green Certificates per MWh supplied from 0.237 Green Certificates per MWh supplied for the six month period ending 30 June 2014 (0.218 Green Certificates per supplied MWh, quota established at the end of 2014 following regularisation).

As a percentage of revenue, the cost with the acquisition of Green Certificates represented 6.2% in the six month period ending 30 June 2015 and 6% in the six month period ending 30 June 2014.

Construction costs related to concession agreements

The costs related to concession agreements increased by RON 30 million, or 21%, to RON 175 million in the six month period ending 30 June 2015 from RON 145 million in the six month period ending 30 June 2014. This increase is attributable to the realised investments related to the Regulated Asset Base.

Salaries and other employee benefits

The expenses for salaries and employee benefits decreased by RON 54 million, or 14.5%, to RON 316 million in the six month period ending 30 June 2015 from RON 370 million in the six month period ending 30 June 2014. This decrease was due mainly to the reduction of expenses for the salaries as a result of lay-offs in the energy services companies which are in bankruptcy or reorganisation.

As a percentage of revenue, the expenses for salaries and employee benefits represented 12% in the six month period ending 30 June 2015 and 15% in the six month period ending 30 June 2014.

Repairs, maintenance and materials

Repairs, maintenance and materials expenses decreased by RON 11 million, or 23 %, to RON 39.8 million in the six month period ending 30 June 2015 from RON 50.6 million in the six month period ending 30 June 2014. This decrease was primarily attributable to a decrease of activity of the services companies of the Group performing external electricity network maintenance, as well as to the decrease in expenses with network maintenance of the distribution companies. As a percentage of revenue, the expense for repairs, maintenance and materials represented 1% in the six month period ending 30 June 2015 and 2% in the six month period ending 30 June 2014.

Other operating expenses

Other operating expenses increased by RON 10 million in the six month period ending 30 June 2015 compared to the six month period ending 30 June 2014, due to expenses with accessories (related to additional taxes and late payment penalties) calculated by the fiscal authorities for the Group's subsidiaries.

As a percentage of revenues, other operating expenses remained relatively constant at 8% in the six month period ending 30 June 2015 and 30 June 2014.

Operational profit

As a result of the factors described above, the operational profit increased by RON 38 million, or 14% to RON 317 million in the six month period ending 30 June 2015 from RON 279 million in the six month period ending 30 June 2014.

Financial Profit/Loss

The financial profit at Group level registered a positive evolution in the first semester of 2015, respectively an increase of RON 14 million RON, attributable to the reduction of financial costs and to the increase of the interest revenue from deposits, treasury bills and government bonds. The Company earned RON 12.1 million in the first 6 months of 2015 from investing the IPO proceeds.

Profit before tax

The profit before tax increased by RON 52 million, or 18% to RON 333 million in the six month period ending 30 June 2014 from RON 281 million in the six month period ending 30 June 2014.

Income tax expense

The income tax decreased by RON 12 million, or 18%, to RON 55.7 million in the six month period ending 30 June 2015 from RON 67.6 million in the six month period ending 30 June 2014.

Profit for the period attributable to the owners of the Company

The profit for the period attributable to the owners of the Company intecreased by RON 66 million, or 46% to RON 210 million in the six month period ending 30 June 2015 from RON 144 mil in the six month period ending 30 June 2014.

Net profit for the period

As a result of the factors described above, the net profit increased by RON 64 million, or 30% to RON 277 million in the six month period ending 30 June 2015 from RON 213 million in the six month period ending 30 June 2014.

STATEMENT OF CASH FLOWS

In the six month period ending 30 June 2015, net cash from operating activities amounted to RON 333 million. The profit before tax for the period was RON 332.8 million.

The key adjustments were: adding depreciation and amortisation in the amount of RON 177 million, a net change in trade and other receivables of RON 12 million, the deduction of the variation in value of the green certificates amounting to RON 15 million and other adjustments resulting mostly from a net change in deferred revenues of RON 16 million, and deducting a change in trade and other payables of RON 61 million (out of which the change in employee benefits and provisions of RON 23 million). Income tax and interest paid amounted to a total of RON 53 million.

In the six month period ending 30 June 2014, net cash from operating activities amounted to RON 510 million (out of which RON 221 millions from cashing in the overdue receivables from CFR). The profit before tax for the period was RON 281 million.

The key adjustments were: adding depreciation and amortisation in the amount of RON 170 million, a net change in trade and other receivables of RON 228 million and other adjustments resulting mostly from a net change in deferred revenues of RON 13 million, and deducting a change in trade and other payables of RON 144 million(out of which the change in employee benefits and provisions of RON 15 million).

Income tax and interest paid amounted to a total of RON 35.7 million.

RISK MANAGEMENT

The risk management system in S.D.F.E.E. Electrica S.A. was implemented in 2014 in accordance with the provisions of the Order of the Ministry of Public Finance no. 946/2005, with subsequent amendments, and, in particular, with those of the Standard 11 "Risk Management".

This Risk Management System is based on certain internal procedures agreed within the Company.

A major concern for the Company's management is building awareness of employees regarding the importance of managing risk inside the organization and the necessity of direct involvement in unfolding the risk management process, as well as aligning to the best practices on national and international level by following legislation in place, standards and related norms.

During the first semester of 2015, a process of reassessment of the risks initially identified in 2014 has been started. Thus, the risks related to the activities of each organizational entity within Electrica SA., were analysed and reassessed. Following this process of reassessment of risks it was found that in the first half of 2015 the total quatifyable risk exposure level decreased by 4% compared to 2014.

Out of 54 specific risks which have been identified at 31 December 2014, the risk regarding service level agreements between Electrica SA and its subsidiaries was eliminated, and three specific risks have been assesed as having a lower exposure, due to the decrease of their probability, like for example the risk for interest rate.

The subsidiaries of the Electrica Group implemented each a risk management system, within the above mentioned legal provisions, with their own specific procedures.

SUBSEQUENT EVENTS

During the meeting on 29 July 2015, the Board of directors nominated the following managers of the Company for mandates of 4 years starting with 4 August 2015:

(a) Ms. Alexandra Romana Augusta Popescu Borislavschi - Manager of Strategy and Corporate Governance;

(b) Mr. Ramiro-Robert-Eduard Angelescu - Sales Manager;

(c) Ms. Gabriela Marin - Human Resourses Manager.

Concluded Contracts reported according to art. 225 of Law 297/2004

Contracts concluded during first semester of 2015 reported according to art. 225 of Law 297/2004:

- Filiala de Intretinere si Servicii Energetice (FISE) „Electrica Serv" SA – Contract no. C21, concluded on 26-Feb-2015 – Auto transportation complex services necessary to the activity of SDFEE Electrica SA - value: RON 1,000 th
- Filiala de Intretinere si Servicii Energetice (FISE) „Electrica Serv" SA – Contract no. C75, concluded on 29 May 2015 –Auto transportation complex services necessary to the activity of SDFEE Electrica SA - value: RON 556 th

CAPITAL EXPENDITURES

A core part of Electrica business strategy includes implementing the investment plan. Electrica's operations require significant capital expenditures mostly connected with its operations in the electricity distribution segment. Furthermore, Electrica's assets require periodic maintenance and modernisation in order to improve operational efficiency.

Electrica's capital expenditures in the six month period ending 30 June 2015 and 30 June 2014 amounted to RON 185 million and RON 177 million, respectively.

The investments in the distribution network increased by RON 30 million, or 21%, to RON 175 million in the six month period ending 30 June 2015 from RON 145 million in the six month period ending 30 June 2014.

This increase is mainly attributable to the realised investments related to the Regulated Asset Base. The volume of investments had a material impact, and, according to Electrica's expectations, will continue to have an impact on the results of Electrica's operations, Electrica's indebtedness, and future cash flows.

Capital expenditures in the distribution network will only have the anticipated positive impact on Electrica's result of operations to the extent they are recognised in the RAB by ANRE and considering the rate of return approved by the regulatory authority.

STATEMENTS

During the first six month period ending 30 June 2015 SDFEE ELECTRICA SA complied with all its financial obligation. Also, there are no factors of uncertainty that could affect the company's liquidity. In this period there were no changes with effect on the share capital of the company or on it's administrative management.

Attached hereto are the consolidated non-audited interim financial statements for the six month period ending on 30 June 2015 prepared in accordance with the International Financial Reporting Standards.

Board of Directors of SDFEE Electrica S.A.

General Manager of SDFEE Electrica S.A

Economic Manager of SDFEE Electrica S.A

Annex no. 1: Major investments and commissioning works:

The increase in fixed assets resulted from the increase in construction in progress, represented mainly by the following investment works:

EDTS

- Integration of the transformation stations into SCADA DMS of S.C. FDEE Electrica Transilvania Sud S.A.– 16,105 th. RON
- Substation 110/20 kV, 2x25 MVA, Sanpaul, Mures county – 11,443 th. RON
- Upgrading and expansion of the telemanagement system (AMR) from Sf. Gheorghe municipality, Covasna county – 9,965 th. RON
- Regulation of LEA 110 kV d.c. Ghimbav - Cristian si Bartolomeu FS Rasnov, Brasov county – 6,023 th. RON
- Modernization of the substation Feldioara 35/20 kV, Brasov county – 4,069 th. RON
- MCD and modernization of RED Rupea, Brasov county – 3,377 th. RON
- Modernization of PTz40, PTz44, PTz55, PTz15, PTz22 - Tarnaveni, Mures county – 1,633 th. RON
- Modernization of LEA - LV Racosul de Sus, Covasna county – 1,370 th. RON
- Improvement of voltage levels of LEA LV Herculian, Covasna county – 1,225 th. RON
- Modernization of LEA 0.4 kV Ighiel, Alba county – 1,192 th. RON
- Modernization of LEA 0,4 kV Fericet, Horea, Alba county – 1,011 th. RON
- Modernization of 110/20/6 kV Predeal substation, object 1 and 3, Brasov county – 712 th. RON
- Modernization of LEA 0.4 kV Bucium Bisericani, Bucium, Alba county – 665 th. RON
- MGS in supplying LEA 20kV Zizin-SS13 Harman, Brasov county – 654 th. RON
- Modernization of LEA 0,4 kV Ungurei, Rosia de Secas, Alba county – 624 th. RON
- Modernization of LEA 0,4 kV Bazesti, Sohodol, Alba county – 624 th. RON
- Transformation station 110/20 kV Sebes industrial area, Alba county – 612 th. RON
- Installation of the measurement group to substations belonging to CEM 110 kV Covasna (Campul Frumos substation) – 566 th. RON
- Modernization through DD repairing works – 542 th. RON

EDTN

- Modernization LV lines (39 towns) – 9,077 th. RON
- Distribution automation system (SAD) - step 2014 – 2016, all SDEE – 7,881 th. RON
- Modernization of measurement groups 2015 (all SDEE) – 6,860 th. RON
- Improvement of voltage level (32 towns) – 4,384 th. RON
- Modernization and systematization MV lines (15 towns) – 3,902 th. RON
- SCADA step III - preparatory works for integration in SCADA, 15 substations – 3,058 th. RON
- Modernization substation 110/20kV Dej (Cuzdrioara) – 2,173 th. RON
- Modernization 110/20/6 kV transformation station Carei 1 – 2,127 th. RON
- Modernization 110/20/6 kV transformation station Crisu – 1,965 th. RON
- Modernization LEA/LES LV and MV in Cluj-Napoca (Switching from aerial to underground cables) - 5 projects – 1,916 th. RON
- Modernization substation Baia Mare 5 – 1,874 th. RON

- Switching from 6 and 10 KV to 20 kV in urban area (Oradea, Baia Mare si Satu Mare) – 1,844 th. RON
- Pilot project SMART METERING in SDEE Cluj – 1,820 th. RON
- Modernization substation Marghita – 1,583 th. RON
- Modernization substation 110 kV Beius – 1,381 th. RON
- Consolidated system for analysis, reporting and planning – 1,345 th. RON
- Increasing security in supply for consumers (4 towns) – 1,299 th. RON
- Modernization of MV/LV transformers (7 PT) – 1,024 th. RON
- Modernization of the 110 kV switchgears from transformation stations - step II - vol.III – 816 th. RON
- Upgrading telecommunication and data transmission system – 805 th. RON
- Modernization LEA 110 kV - replacement of guard wire and concrete poles – 711 th. RON
- Substation Ferneziu - modernization of 20kV bar for increasing distribution capacity up to 20kV – 525 th. RON

EDMN

- Independent equipments – 6,759 th. RON
- Acquisition and installation of electricity meters, All SDEE – 6,744 th. RON
- Implementation of distribution automation system SAD Urban, Buzau – 6,059 th. RON
- Modernization AMR with GPRS Nord Ploiesti area, Ploiesti – 3,845 th. RON
- Modernization of the connections and expansion of tele-management blocks, Blvd Unirii, Targoviste – 2,680 th. RON
- Implementation of the SAD-Rural system in SFDEE EDMN branches step IV vol. 2 SD GALATI – 2,131 th. RON
- Capitalization of repair works, All SDEE – 2,090 th. RON
- Extention of monitorisation system AMR with GPRS in Galati – 1,640 th. RON
- Modernization of 110/20kV substation Liesti, Galati county – 1,508 th. RON
- Modernization FDCP-AMR with GSM step V Cartier Cring II, Buzau – 1,400 th. RON
- Improvement of the technical conditions for the supply of electricity for consumers in Vadeni and Pietroiu, Braila county – 1,385 th. RON
- Switching to 20 kV from 6 kV elecrical grid in Tecuci, Galati county – 1,289 th. RON
- Modernization FDCP-AMR with GSM step V, Cartier Micro III, Buzau – 1,193 th. RON
- Modernization FDCP at blocks ground level with AMR assembling, using GPRS, step 2013, Braila – 1,048 th. RON
- Modernization of 110/20kV transformation station Tatarani, Ploiesti – 901 th. RON
- Modernization LEA 0,4 kV and connections in Lepsa, Focsani – 726 th. RON
- Developments SAP - modification requests, EDMN Ploiesti Headquarter – 638 th. RON
- Modernization of looping LEA 20 kV Balaceanu – Irigatii, Buzau – 566 th. RON
- Modernization of MV and LV grid and connections Cornu, Ploiesti – 540 th. RON
- Improvement of voltage levels for consumers in Amaru, Com.Amaru, Buzau – 523 th. RON
- Modernization of transformers PT for water wells Lazuri, implementing of distribution automation system SAD, Targoviste – 502 th. RON

During the first semester of 2015, the largest transfers from constructions in progress to property, plant and equipment are the result of setting into operation the following investment objectives:

EDTS

- Upgrading and expansion of the AMR tele-management system in Sf.Gheorghe, Covasna county – 10,714 th. RON
- Improvement of voltage levels areas PTA1, PTA2, Ghidfalau, Covasna county – 4,286 th. RON
- Solutions on increasing efficienty by reducing loses in the RED – 3,715 th. RON
- Modernization through repairs - electricity meters replacement – 2,168 th. RON
- Improvement of voltage levels LEA LV Ilieni, Covasna county – 1,363 th. RON
- Modernization LEA 0.4 kV - Bod (PTz1-PTa2), Brasov county – 1,264 th. RON
- Improvement of voltage levels and modernization LEA LV Bardesti, zona CE Tg.Mures - Exterior, jud. Mures – 1,183 th. RON
- Improvement of voltage levels LEA LV - Anghelus, Covasna county – 1,176 th. RON
- Independent equipments D110 kV – 1,016 th. RON
- Modernization of the connections on str. 1 Decembrie, Mihai Viteazu, com. Selimbar, Sibiu county – 966 th. RON
- Smart-metering system in Stremt, Alba county – 817 th. RON
- Modernization LEA LV and Improvement of voltage levels Chirileu, Mures county – 760 th. RON
- Modernization of electricity network and power injection in Gheorgheni, Harghita county – 746 th. RON
- Modernization LEA 0,4 kV Fagetul de Sus, Poiana Vadului, Alba county – 722 th. RON
- Modernization of equipments PA 1 Saliste, Sibiu county – 636 th. RON
- Improvement of voltage levels in Micasasa, Sibiu county – 625 th. RON
- Independent equipments DD – 596 th. RON
- Improvement of voltage levels and modernization of LEA 0.4 kV zona PTa 3 Simon-Bran, Brasov county – 589 th. RON
- Modernization LEA LV and improvement of voltage levels Band, area PTa8 -PTa9, Mures county – 574 th. RON
- Improvement of voltage levels, area PTa 1 Malnas, Covasna county – 549 th. RON
- Independent equipments D110 kV – 509 th. RON

EDTN

- Modernization L.E.A. - LV (18 towns) – 8,598 th. RON
- Pilot project SMART METERING SD Zalau – 4,550 th. RON
- Modernization of measurement groups in all SDEE – 4,412 th. RON
- SMART METERING in SDEE Oradea – 3,417 th. RON
- Modernization LES and LEA - MV (5 towns) – 3,215 th. RON
- Normalization of voltage in LV and MV network (12 towns) – 3,100 th. RON
- Increasing security in supply for consumers (6 towns) – 2,442 th. RON
- Modernization of connections, electrical service boxes and columns (6 towns) – 2,372 th. RON
- Construction of 20kV bar Baia Mare 2 – 1,793 th. RON
- Rehabilitation and modernization of office buildings (Baia Mare and Zalau) – 1,638 th. RON
- Modernization of primary comutation equipments in cells 110 KV substations vol. 1 – 1,547 th. RON
- Modernization of equipments MV from PTZ-s (11 PT) – 1,118 th. RON

- Modernization 110/22 kV power trafo and rewinding 110/10 KV, seria 96286 – 897 th. RON
- Sectioning of 110 kV bar substation Turt – 659 th. RON
- Modernization of 110/6 kV substation Turda – 644 th. RON
- Rehabilitation of 110 kV poles, rods, controlgear suports and hydrophobising in 110 kV substations – 502 th. RON

EDMN

- Independent equipments, All SDEE – 6,759 th. RON
- SAD-system rural implementation in FDEE EDMN branches, stage IV, vol. 2, Galati – 6,747 th. RON
- Purchasing and installing meters, All SDEE – 6,744 th. RON
- SAD-system rural implementation in FDEE EDMN branches, stage IV, vol. 2, Focsani – 3,168 th. RON
- Capitalization of repair works, All SDEE – 2,584 th. RON
- AMR modernization with GPRS, Ploiesti North area – 1,552 th. RON
- LEA 0,4 kV and connections modernization at Lepsa, Focsani – 828 th. RON
- Looping modernization LEA 20 Kv Balaceanu-Irigatii, Buzau – 671 th. RON
- Looping LEA 20 kV Tecuci-Pochidia with LEA 20kV Beresti-Radesti, Galati county – 670 th. RON
- Transformer station Modernization, network and connections- Fulga 1046 transformer station, Ploiesti – 644 th. RON
- SAP Development- modification requests, EDMN Headquarter – 638 th. RON
- MV and LV networks and connections modernization at Cornu, Ploiesti – 603 th. RON
- Improvement of the technical conditions for the power supply – Cojasca, Targoviste – 573 th. RON
- LEA LV and connections modernization Glodeni Deal, Malu Mierii area, Targoviste – 563 th. RON