S.C. ELECTRICA S.A.

Condensed Consolidated Interim Financial Statements

31 March 2015

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SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015
(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	31 March 2015 (unaudited and not reviewed)	31 December 2014 restated*
ASSETS			
Non-current assets			
Intangible assets related to concession arrangements		3,489,733	3,501,184
Other intangible assets		7,899	8,812
Property, plant and equipment		770,566	804,823
Deferred tax assets		59,601	59,625
Other non-current assets		7,127	7,970
Total non-current assets		**4,334,926**	**4,382,414**
Current assets			
Trade receivables	11	852,208	780,821
Other receivables		845	24,611
Cash and cash equivalents	13	721,194	1,629,508
Deposits, treasury bills and government bonds	12	2,139,354	1,220,521
Inventories		31,933	24,305
Prepayments		14,062	8,644
Green certificates		39,160	53,708
Income tax receivable		25,529	23,135
Total current assets		**3,824,285**	**3,765,253**
Total assets		**8,159,211**	**8,147,667**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,814,242	3,814,242
Share premium		103,049	103,049
Treasury shares reserve		(75,372)	(75,372)
Pre-paid capital contributions in kind from shareholders		3,273	3,273
Revaluation reserve		151,841	156,018
Other reserves		236,597	236,597
Retained earnings		1,346,750	1,246,635
Total equity attributable to the owners of the Company		**5,580,380**	**5,484,442**
Non-controlling interests		835,146	804,266
Total equity		**6,415,526**	**6,288,708**

**See Note 4*

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SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015
(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	31 March 2015 (unaudited and not reviewed)	31 December 2014 restated*
Liabilities			
Non-current liabilities			
Financing for network construction related to concession agreements		146,098	151,486
Long term bank loans		6,520	-
Deferred tax liabilities		182,071	183,753
Employee benefits		220,382	220,382
Other payables		45,427	53,181
Total non-current liabilities		**600,498**	**608,802**
Current liabilities			
Current portion of long term bank loans		9,780	-
Bank overdrafts		66,488	48,132
Finance lease		170	294
Financing for network construction related to concession agreements		90,144	99,064
Trade payables		454,729	555,256
Other payables		262,436	310,806
Current income tax liability		13,712	14,270
Deferred revenue		22,655	2,987
Employee benefits		119,943	146,714
Provisions		103,130	72,634
Total current liabilities		**1,143,187**	**1,250,157**
Total liabilities		**1,743,685**	**1,858,959**
Total equity and liabilities		**8,159,211**	**8,147,667**

**See Note 4*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

General Director
Ioan Rosca

Economic Director
Emilia Elena Marin

13 May 2015

SC ELECTRICA SA
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015
(All amounts are in THOUSAND RON, except per share data)

	Note	Three month period ended 31 March 2015 (unaudited and not reviewed)	31 March 2014 restated* (unaudited)
Revenues	7	1,340,365	1,265,801
Other income	8	85,530	31,655
Electricity purchased		(725,151)	(624,268)
Green certificates		(90,597)	(92,113)
Construction costs		(66,375)	(73,455)
Employee benefits		(157,901)	(172,169)
Repairs, maintenance and materials		(24,581)	(12,767)
Depreciation and amortization		(85,510)	(82,613)
(Impairment)/Reversal of impairment of property, plant and equipment, net		(2,190)	44
Reversal of impairment of trade and other receivables, net		100	2,720
Other operating expenses		(131,126)	(111,541)
Operating profit		**142,564**	**131,294**
Finance income		11,647	2,703
Finance costs		(4,500)	(3,822)
Net finance income/(cost)		**7,147**	**(1,119)**
Profit before tax		**149,711**	**130,175**
Income tax expense	10	(22,893)	(34,244)
Profit for the period		**126,818**	**95,931**
Profit for the period attributable to:			
- owners of the Company		95,938	66,107
- non-controlling interests		30,880	29,824
Profit for the period		**126,818**	**95,931**
Earnings per share			
Basic and diluted earnings per share (RON)	9	**0.28**	**0.32**

**See Note 4*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

General Director
Ioan Rosca

Economic Director
Emilia Elena Marin

SC ELECTRICA SA

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Three month period ended	
		31 March 2015 (unaudited and not reviewed)	31 March 2014 restated* (unaudited)
Profit for the period		**126,818**	**95,931**
Other comprehensive income		-	-
Total comprehensive income		**126,818**	**95,931**
Total comprehensive income attributable to:			
- owners of the Company		95,938	66,107
- non-controlling interests		30,880	29,824
Total comprehensive income		**126,818**	**95,931**

**See Note 4*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SC ELECTRICA SA

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(All amounts are in THOUSAND RON, if not otherwise stated)

		Attributable to the owners of the Company									
	Note	Share capital	Share premium	Treasury shares reserve	Pre-paid capital contributions in kind from shareholders	Revaluation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015, as previously reported		3,814,242	103,049	(75,372)	3,273	156,018	236,597	1,268,811	5,506,618	810,520	**6,317,138**
Impact of change in accounting policy	4	-	-	-	-	-	-	(22,176)	(22,176)	(6,254)	**(28,430)**
Balance at 1 January 2015 restated		**3,814,242**	**103,049**	**(75,372)**	**3,273**	**156,018**	**236,597**	**1,246,635**	**5,484,442**	**804,266**	**6,288,708**
Comprehensive income											
Profit for the period (unaudited and not reviewed)		-	-	-	-	-	-	95,938	95,938	30,880	**126,818**
Total comprehensive income		-	-	-	-	-	-	**95,938**	**95,938**	**30,880**	**126,818**
Other changes in equity (unaudited and not reviewed)											
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment		-	-	-	-	(2,734)	-	2,734	-	-	-
Loss of control over subsidiaries in financial distress	17	-	-	-	-	(1,443)	-	1,443	-	-	-
Balance at 31 March 2015 (unaudited and not reviewed)		**3,814,242**	**103,049**	**(75,372)**	**3,273**	**151,841**	**236,597**	**1,346,750**	**5,580,380**	**835,146**	**6,415,526**

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SC ELECTRICA SA

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015

(All amounts are in THOUSAND RON, if not otherwise stated)

		Attributable to the owners of the Company							
	Note	Share capital	Pre-paid capital contributions in kind from shareholders	Revaluation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2014, as previously reported		2,509,413	47,657	572,825	614,906	1,936,547	5,681,348	764,270	**6,445,618**
Impact of change in accounting policy	4	-	-	-	-	(31,145)	(31,145)	(8,785)	**(39,930)**
Balance at 1 January 2014 restated		**2,509,413**	**47,657**	**572,825**	**614,906**	**1,905,402**	**5,650,203**	**755,485**	**6,405,688**
Comprehensive income									
Profit for the period restated (unaudited)	4	-	-	-	-	66,107	66,107	29,824	**95,931**
Total comprehensive income		-	-	-	-	**66,107**	**66,107**	**29,824**	**95,931**
Transactions with owners of the Company									
Contributions and distributions									
Issue of ordinary shares in respect of land contributed by the shareholders	14	1,883	(1,883)	-	-	-	-	-	-
Land for which ownership rights were obtained		-	4,174	-	-	-	4,174	-	**4,174**
Total transactions with owners of the Company (unaudited)		**1,883**	**2,291**	-	-	-	**4,174**	-	**4,174**
Other changes in equity (unaudited)									
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment restated		-	-	(3,716)	-	3,716	-	-	-
Balance at 31 March 2014 restated (unaudited)		**2,511,296**	**49,948**	**569,109**	**614,906**	**1,975,225**	**5,720,484**	**785,309**	**6,505,793**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015
(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Three month period ended	
		31 March 2015 (unaudited and not reviewed)	31 March 2014 restated* (unaudited)
Cash flows from operating activities			
Profit for the period		126,818	95,931
Adjustments for:			
Depreciation		8,656	8,493
Amortisation		76,854	74,120
Impairment loss/(Reversal of impairment) of property, plant and equipment, net		2,190	(44)
Loss on disposal of property, plant and equipment		3,441	-
Reversal of impairment of trade and other receivables, net		(100)	(2,720)
Write-down of inventories, net		739	-
Net finance (income)/cost		(7,147)	1,119
Gain on loss of control over subsidiaries in financial distress	17	(38,501)	-
Income tax expense	10	22,893	34,244
		195,843	**211,143**
Changes in :			
Trade receivables		(88,778)	71,230
Other receivables		22,159	32,176
Prepayments		(5,418)	(9,004)
Green certificates		14,548	-
Inventories		(8,367)	5,369
Trade payables		(46,279)	(82,298)
Other payables		(27,939)	(22,355)
Employee benefits and provisions		25,939	(13,931)
Deferred revenue		19,668	16,423
Cash generated from operating activities		**101,376**	**208,753**
Interest paid		(4,789)	(2,775)
Income tax paid		(26,379)	(13,034)
Net cash from operating activities		**70,208**	**192,944**

**See Note 4*

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SC ELECTRICA SA
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2015
(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Three month period ended	
		31 March 2015 (unaudited and not reviewed)	31 March 2014 restated* (unaudited)
Cash flows from investing activities			
Payments for purchases of property, plant and equipment		(4,813)	(14,827)
Payments for network construction related to concession agreements		(60,154)	(96,274)
Payments for purchase of other intangible assets		-	(345)
Proceeds from sale of property, plant and equipment		10,990	21
Proceeds from sale of investments		-	140,920
Payments for purchase of treasury bills and government bonds	12	(1,456,404)	-
Proceeds from maturity of treasury bills and government bonds	12	523,113	-
Payments in deposits with maturity of 3 months or longer		(86,439)	-
Proceeds from deposits with maturity of 3 months or longer		89,400	-
Effect of loss of control over subsidiaries on cash		(2,863)	-
Interest received		11,577	5,774
Net cash from/ (used in) investing activities		**(975,593)**	**35,269**
Cash flows from financing activities			
Proceeds from long term bank loans		16,300	-
Repayment of financing for network construction related to concession agreements		(37,461)	(36,883)
Payment of finance lease liabilities		(124)	(982)
Net cash used in financing activities		**(21,285)**	**(37,865)**
Net increase/ (decrease) in cash and cash equivalents		**(926,670)**	**190,348**
Cash and cash equivalents at 1 January		1,581,376	571,151
Effect of movements in exchange rates on cash held		-	(1,788)
Cash and cash equivalents at 31 March	13	**654,706**	**759,711**

**See Note 4*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

General Director
Ioan Rosca

Economic Director
Emilia Elena Marin

1 Reporting entity and general information

These financial statements are the condensed consolidated interim financial statements of S.C. Electrica S.A. ("the Company") and its subsidiaries (together "the Group") as at and for the three month period ended 31 March 2015.

The registered office of the Company is 9 Grigore Alexandrescu Street, Sector 1, Bucharest, Romania. The Company has unique registration number 13267221 and Trade Register registration number J40/7425/2000.

As at 31 March 2015 the main 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 in July 2014. The second shareholder based on the share of ownership is EBRD with 8.66%.

The Company's subsidiaries are the following:

Subsidiary	Activity	Tax code	Head Office	% shareholding as at 31 March 2015	% shareholding as at 31 Dec 2014
Electrica Distributie Muntenia Nord SA	Electricity distribution in geographical area of Muntenia Nord	14506181	Ploiesti	78.0000021%	78.0000021%
Electrica Distributie Transilvania Nord SA	Electricity distribution in geographical area of Transilvania Nord	14476722	Cluj-Napoca	77.99999%	77.99999%
Electrica Distributie Transilvania Sud SA	Electricity distribution in geographical area of Transilvania Sud	14493260	Brasov	78.0000019%	78.0000019%
Electrica Furnizare SA	Electricity Supply	28909028	Bucuresti	77.99997%	77.99997%
Electrica Serv SA	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	100%	100%
Servicii Energetice Muntenia SA	Services in the energy sector (maintenance, repairs, construction)	29384120	Bucuresti	100%	100%
Servicii Energetice Moldova SA	Services in the energy sector (maintenance, repairs, construction)	29386768	Bacau	100%	100%
Servicii Energetice Banat SA*	Services in the energy sector (maintenance, repairs, construction)	29388211	Timisoara	100%	100%
Servicii Energetice Dobrogea SA*	Services in the energy sector (maintenance, repairs, construction)	29388378	Constanta	100%	100%
Servicii Energetice Oltenia SA	Services in the energy sector (maintenance, repairs, construction)	29389861	Craiova	100%	100%

** Electrica SA lost the control of Servicii Energetice Dobrogea starting January 2015 and of Servicii Energetice Banat starting with November 2014 as these subsidiaries entered in bankruptcy (see Note 17).*

The main activities of the Group include operation and construction of electricity distribution networks and activities related to electricity supply to final consumers. The Group is the electricity distribution operator and the main electricity supplier in Muntenia Nord area (Prahova, Buzau, Dambovita, Braila, Galati and Vrancea counties), Transilvania Nord area (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita-Nasaud counties) and Transilvania Sud area (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties), operating

with transformation stations and 0.4 kV and 110 kV power lines.

The electricity distribution tariffs approved by National Authority for Energy Regulation ("ANRE") are as follows (RON/MWh, presented cumulatively for medium and low voltage):

	Order 155, 156, 154/18.12.2013			Order 104, 105, 98/18.12.2013		
	1 January-31 December 2015			1 January-31 December 2014		
	High voltage	Medium voltage	Low voltage	High voltage	Medium voltage	Low voltage
Transilvania Nord	21.10	68.44	180.59	20.65	67.28	178.75
Transilvania Sud	23.41	70.26	192.65	23.46	70.45	194.74
Muntenia Nord	18.47	61.31	199.92	18.90	63.13	206.05

In 2013 the Company approved the liquidation of 3 subsidiaries: Servicii Energetice Banat, Servicii Energetice Dobrogea and Servicii Energetice Moldova. In January 2014 the Board of Directors of Servicii Energetice Oltenia and in October 2014 the Board of Directors of Servicii Energetice Muntenia decided the commencement of the insolvency process with a view to reorganization. For further information on the financial position of these subsidiaries refer to Note 17.

2 Basis of accounting

These condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the European Union. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("IFRS-EU"). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 13 May 2015.

The Company also issues an original version of condensed consolidated interim financial statements prepared in accordance with IFRS-EU in Romanian language.

Judgements and estimates

In preparing these interim financial statements, management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

3 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the land and buildings which are measured based on revaluation model. The assets and liabilities of the subsidiaries in financial distress are not recognised on a going concern basis but on an alternate basis.

4 Significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2015.

(i) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards:

IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014 under IFRS-EU)

The Group has adopted IFRIC 21 with a date of initial application of 1 January 2015. As a result of the adoption of IFRIC 21, the Group has reassessed the timing of when to accrue tax on special constructions imposed by legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires the same principles to be applied in interim financial statements.

According to the tax law, the tax on special constructions is due based on the existence and value of the special constructions in the accounts of the tax payer at 31 December. The tax is payable in the subsequent year and the amount of the tax is not adjusted in the following year if the constructions are held for less than one year.

The Group previously accrued for tax on special constructions over the tax year. In accordance with IFRIC 21, the Group has determined that the liability to pay the tax on special constructions should be recognised in full on 31 December, when the obligating event as stated in the legislation occurs. IFRIC 21 was applied retrospectively.

The following tables summarise the impact on the Group's consolidated financial statements.

Consolidated statement of financial position

	Impact of changes in accounting policy		
31 December 2014	**As previously reported**	**Adjustment**	**As restated**
Other payables (current)	(276,961)	(33,845)	(310,806)
Deferred tax liabilities	(189,168)	5,415	(183,753)
Others	(1,364,400)	-	(1,364,400)
Total liabilities	**(1,830,529)**	**(28,430)**	**(1,858,959)**
Retained earnings	(1,268,811)	22,176	(1,246,635)
Non-controlling interests	(810,520)	6,254	(804,266)
Others	(4,237,807)	-	(4,237,807)
Total equity	**(6,317,138)**	**28,430**	**(6,288,708)**

Consolidated statement of profit and loss and other comprehensive income

	Impact of changes in accounting policy		
For the three month period ended 31 March 2014 (unaudited)	**As previously reported**	**Adjustment**	**As restated**
Other operating expenses	(123,446)	11,905	(111,541)
Income tax expense	(29,030)	(1,902)	(30,932)
Others	240,960	-	240,960
Net profit*	**88,484**	**10,003**	**98,487**
Total comprehensive income*	**88,484**	**10,003**	**98,487**

** See also below "Other changes in comparative interim period".*

There is no material impact on the Group's basic or diluted earnings per share for the three month period ended 31 March 2014.

(ii) Other changes in comparative interim period

As at 31 December 2014, the Group applied retrospectively the change in accounting policy regarding the concession agreements (IFRIC 12 "Service concession arrangements").

The following table summarise the impact on the Group's condensed consolidated interim financial statements for the three month period ended 31 March 2014:

Consolidated statement of profit and loss and other comprehensive income

For the three month period ended 31 March 2014 (unaudited)	Impact of changes in accounting policy		
	As previously reported	Adjustment	As restated
Revenues	1,210,877	54,924	1,265,801
Depreciation and amortization	(103,187)	20,574	(82,613)
Repairs, maintenance and materials	(11,480)	(1,287)	(12,767)
Construction costs	-	(73,455)	(73,455)
Income tax expense	(29,030)	(3,312)	(32,342)
Others	(1,010,351)	-	(1,010,351)
Net profit	**88,484**	**(2,556)**	**85,928**
Total comprehensive income	**88,484**	**(2,556)**	**85,928**

(iii) Changes in disclosure

As at and for the year ended 31 December 2014 the Group changed the disclosure of management compensation and included compensation granted to the general directors of the Group companies. In prior periods management compensation included also the compensation of directors of departments. The management of the Company considers that the new presentation reflects more accurately the persons having authority and responsibility for planning, directing and controlling the activities of the entity.

5 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 February 2015, and have not been applied in preparing these consolidated condensed interim financial statements:

- Annual improvements to IFRSs 2010 – 2012 Cycle;
- Amendments to IAS 19 (Defined Benefit Plans, Employee Contributions).

They are not expected to have a significant impact of the Group's consolidated financial statements.

6 Operating segments

(a) Information about reportable segments

Three month period ended 31 March 2015 (unaudited and not reviewed)	Electricity supply	Electricity distribution	External electricity network maintenance	Headquarter	Total for reportable segments	Consolidation eliminations and adjustments	Consolidated total
External revenues	1,130,898	208,351	1,116	-	1,340,365	-	**1,340,365**
Inter-segment revenue	28,598	396,947	3,168	-	428,713	(428,713)	-
Segment revenue	**1,159,496**	**605,298**	**4,284**	**-**	**1,769,078**	**(428,713)**	**1,340,365**
Segment profit (loss) before tax	**43,140**	**113,390**	**27,881**	**(34,700)**	**149,711**	**-**	**149,711**
Net finance income/(cost)	908	1,406	5	4,828	7,147	-	**7,147**
Depreciation, amortization and impairment, net	(1,802)	(82,009)	(2,833)	(1,056)	(87,700)	-	**(87,700)**
Gain on loss of control over subsidiaries	-	-	38,501	-	38,501	-	**38,501**
EBITDA**	44,034	193,993	30,709	(38,472)	230,264	-	**230,264**
Segment net profit (loss)	38,031	99,809	23,678	(34,700)	126,818	-	**126,818**
Employee benefits	(18,852)	(125,023)	(10,412)	(3,614)	(157,901)	-	**(157,901)**
Capital expenditure	530	68,644	-	-	69,174	-	**69,174**
Three month period ended 31 March 2014 (unaudited)							
External revenues - restated*	1,058,695	191,086	16,020	-	1,265,801	-	**1,265,801**
Inter-segment revenue	44,063	400,299	-	-	444,362	(444,362)	-
Segment revenue – restated*	**1,102,758**	**591,385**	**16,020**	**-**	**1,710,163**	**(444,362)**	**1,265,801**
Segment profit (loss) before tax – restated*	**58,575**	**98,815**	**(23,888)**	**(3,327)**	**130,175**	**-**	**130,175**
Net finance income/(cost)	331	43	22	(1,515)	(1,119)	-	**(1,119)**
Depreciation, amortization and impairment, net – restated*	(1,288)	(79,854)	(922)	(505)	(82,569)	-	**(82,569)**
EBITDA** - restated*	59,532	178,626	(22,988)	(1,307)	213,863	-	**213,863**
Segment net profit (loss) – restated*	41,589	81,866	(24,197)	(3,327)	95,931	-	**95,931**
Employee benefits	(19,094)	(128,431)	(21,118)	(3,526)	(172,169)	-	**(172,169)**
Capital expenditure	999	90,946	-	-	91,945	-	**91,945**

**See Note 4*

At 31 March 2015 (unaudited and not reviewed)	**Electricity supply**	**Electricity distribution**	**External electricity network maintenance**	**Headquarter**	**Total for reportable segments**	**Consolidation eliminations and adjustments**	**Consolidated total**
Segment assets	1,204,007	5,017,423	206,868	2,220,326	8,648,624	(489,413)	**8,159,211**
Trade and other receivables	726,000	648,929	26,389	-	1,401,318	(548,265)	**853,053**
Cash and cash equivalents	334,433	254,121	9,314	123,326	721,194	-	**721,194**
Deposits, treasury bills and government bonds	-	148,439	-	1,990,915	2,139,354	-	**2,139,354**
Trade and other payables, and short term employee benefits	729,060	332,255	254,638	9,724	1,325,677	(455,931)	**869,746**
Bank overdrafts	-	66,475	-	13	66,488	-	**66,488**
Financing for network construction related to concession agreements, long term bank loans and finance lease	-	252,712	-	-	252,712	-	**252,712**
At 31 December 2014							
Segment assets	1,286,522	4,980,388	222,100	2,202,593	8,691,603	(543,936)	**8,147,667**
Trade and other receivables	724,938	661,105	23,841	-	1,409,884	(604,452)	**805,432**
Cash and cash equivalents	403,486	144,481	6,220	1,075,321	1,629,508	-	**1,629,508**
Deposits, treasury bills and government bonds	-	182,100	-	1,038,421	1,220,521	-	**1,220,521**
Trade and other payables, and short term employee benefits – restated*	826,140	404,996	309,771	7,274	1,548,181	(495,014)	**1,053,167**
Bank overdrafts	-	48,132	-	-	48,132	-	**48,132**
Financing for network construction related to concession agreements and finance lease	-	250,844	-	-	250,844	-	**250,844**

**See Note 4*

The breakdown of the Electricity distribution reportable segment is as follows:

Three month period ended 31 March 2015 (unaudited and not reviewed)	**Distribution Muntenia Nord**	**Distribution Transilvania Nord**	**Distribution Transilvania Sud**	**Electricity network maintenance**	**Eliminations**	**Total Electricity distribution**
External revenues	59,858	68,891	73,563	6,039	-	**208,351**
Inter-segment revenue	141,081	123,389	129,860	75,515	(72,898)	**396,947**
Segment revenue	**200,939**	**192,280**	**203,423**	**81,554**	**(72,898)**	**605,298**
Segment profit/(loss) before tax	**39,290**	**42,987**	**35,506**	**(4,393)**	**-**	**113,390**
Net finance income/(cost)	2,223	97	(917)	3	-	**1,406**
Depreciation, amortization and impairment, net	(22,523)	(26,108)	(29,432)	(3,946)	-	**(82,009)**
EBITDA**	59,590	68,998	65,855	(450)	-	**193,993**
Net profit	36,032	36,571	29,418	(2,212)	-	**99,809**
Employee benefits	(29,327)	(28,123)	(26,454)	(41,119)	-	**(125,023)**
Capital expenditure	14,451	29,052	24,735	406	-	**68,644**
Three month period ended 31 March 2014 (unaudited)						
External revenues – restated*	60,826	54,130	72,898	3,232	-	**191,086**
Inter-segment revenue	144,109	125,344	128,317	80,130	(77,601)	**400,299**
Segment revenue – restated*	**204,935**	**179,474**	**201,215**	**83,362**	**(77,601)**	**591,385**
Segment profit/(loss) before tax – restated*	**29,991**	**39,399**	**30,074**	**(649)**	**-**	**98,815**
Net finance income/(cost)	1,485	(340)	(1,116)	14	-	**43**
Depreciation, amortization and impairment, net – restated*	(21,481)	(25,217)	(29,330)	(3,826)	-	**(79,854)**
EBITDA** – restated*	49,987	64,956	60,520	3,163	-	**178,626**
Net profit – restated*	26,573	32,413	23,690	(810)	-	**81,866**
Employee benefits	(30,735)	(28,783)	(26,555)	(42,358)	-	**(128,431)**
Capital expenditure	27,136	27,782	36,024	4	-	**90,946**

**See Note 4*

At 31 March 2015 (unaudited and not reviewed)	**Distribution Muntenia** Nord	**Distribution Transilvania** Nord	**Distribution Transilvania** Sud	**Electricity network** maintenance	Eliminations	**Total Electricity** distribution
Segment assets	1,752,848	1,342,526	1,428,621	554,955	(61,527)	**5,017,423**
Trade and other receivables	168,091	138,054	147,576	256,735	(61,527)	**648,929**
Cash and cash equivalents	151,470	25,975	58,846	17,830	-	**254,121**
Deposits, treasury bills and government bonds	148,439	-	-	-	-	**148,439**
Trade and other payables, and short term employee benefits	104,297	115,041	99,438	75,006	(61,527)	**332,255**
Bank overdrafts	-	32,529	33,946	-	-	**66,475**
Financing for network construction related to concession agreements, long term bank loans and finance lease	104,462	27,967	103,813	16,470	-	**252,712**
At 31 December 2014						
Segment assets	1,739,503	1,326,879	1,422,739	583,871	(92,604)	**4,980,388**
Trade and other receivables	171,169	137,526	159,785	285,229	(92,604)	**661,105**
Cash and cash equivalents	94,539	17,370	15,744	16,828	-	**144,481**
Deposits, treasury bills and government bonds	182,100	-	-	-	-	**182,100**
Trade and other payables, and short term employee benefits – restated*	122,081	130,563	130,851	114,235	(92,734)	**404,996**
Bank overdrafts	-	38,948	9,184	-	-	**48,132**
Financing for network construction related to concession agreements and finance lease	108,291	30,538	111,721	294	-	**250,844**

**See Note 4*

** EBITDA (Earnings before interest, tax, depreciation and amortisation) for operating segments is defined and calculated as segment profit (loss) before tax of a given operating segment adjusted for i) depreciation, amortization and impairment/ reversal of impairment of property, plant and equipment and intangible assets in the operating segment, ii) net finance (cost)/income in the operating segment, iii) share of profit (loss) of equity-accounted investees in the operating segment (as disclosed in the income statements). EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.

(b) Reconciliation of information on reportable segments to IFRS measures

	31 March 2015 (unaudited and not reviewed)	31 December 2014
Total assets		
Total assets for reportable segments	8,648,624	8,691,603
Elimination of inter-segment assets	(541,256)	(601,805)
Unallocated amounts	51,843	57,869
Consolidated total assets	**8,159,211**	**8,147,667**
Trade and other receivables		
Trade and other receivables for reportable segments	1,401,318	1,409,884
Elimination of inter-segment trade and other receivables	(540,507)	(602,696)
Unallocated amounts	(7,758)	(1,756)
Consolidated trade and other receivables	**853,053**	**805,432**
Trade and other payables and short term employee benefits – restated*		
Trade and other payables and short term employee benefits for reportable segments	1,325,677	1,548,181
Elimination of inter-segment trade and other payables and short term employee benefits	(448,173)	(493,258)
Unallocated amounts	(7,758)	(1,756)
Consolidated trade and other payables and short term employee benefits	**869,746**	**1,053,167**

**See Note 4*

7 Revenue

	Three month period ended	
	31 March 2015 (unaudited and not reviewed)	31 March 2014 restated* (unaudited)
Supply and distribution of electricity	1,259,682	1,164,890
Construction revenue related to concession agreements	68,334	75,632
Repairs and maintenance and other services rendered	8,004	22,336
Re-connection fees	1,963	2,204
Sales of merchandise	2,382	739
Total	**1,340,365**	**1,265,801**

**See Note 4*

8 Other income

	Three month period ended	
	31 March 2015 (unaudited and not reviewed)	**31 March 2014 (unaudited)**
Rent income	21,031	19,016
Late payment penalties from customers	12,503	3,210
Commissions for the collection of radio and TV taxes	3,464	3,499
Gain on loss of control over subsidiaries (Note 17)	38,501	-
Other	10,031	5,930
Total	**85,530**	**31,655**

9 Earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

	Three month period ended	
	31 March 2015 (unaudited and not reviewed)	**31 March 2014 restated* (unaudited)**
Profit for the period attributable to the owners of the Company	95,938	66,107
Profit attributable to ordinary shareholders	**95,938**	**66,107**

**See Note 4*

Weighted-average number of ordinary shares (in number of shares)

	2015	**2014**
Number of issued ordinary shares at 1 January	**345,939,929**	**207,839,904**
Effect of shares issued in February	-	125,509
Weighted-average number of ordinary shares at 31 March (unaudited)	**345,939,929**	**207,965,413**
Earnings per share		
Basic and diluted earnings per share (RON per share)	**0.28**	**0.32**

10 Income taxes

	Three month period ended	
	31 March 2015 (unaudited and not reviewed)	**31 March 2014 restated* (unaudited)**
Current tax expense	24,407	21,150
Deferred tax expense/ (benefit)	(1,514)	13,094
Total income tax	**22,893**	**34,244**

**See Note 4*

11 Trade receivables

	31 March 2015 (unaudited and not reviewed)	**31 December 2014**
Trade receivables, gross	1,999,763	1,928,476
Bad debt allowance	(1,147,555)	(1,147,655)
Total trade receivables, net	**852,208**	**780,821**

Receivables from related parties are disclosed in Note 16.

12 Deposits, treasury bills and government bonds

Deposits, treasury bills and government bonds include treasury bills and government bonds of RON 1,825,416 thousand (31 December 2014: RON 901,417 thousands) denominated in RON with original maturity of more than three months with an average interest rate (yield) of 1.6% and deposits with maturity of more than three months of RON 313,938 thousand (31 December 2014: RON 319,104 thousands).

The treasury bills and government bonds were classified as investments held to maturity.

13 Cash and cash equivalents

	31 March 2015 (unaudited and not reviewed)	**31 March 2014 (unaudited)**
Total cash and cash equivalents in the consolidated statement of financial position	**721,194**	**667,502**
Overdrafts used for cash management purposes	(66,488)	(37,693)
Cash and cash equivalents classified as held for distribution	-	129,902
Total cash and cash equivalents in the consolidated statement of cash flows	**654,706**	**759,711**

Cash and cash equivalents include treasury bills and government bonds denominated in RON of RON 4,991 thousand (31 December 2014: RON 199,500 thousands, 31 March 2014: nil) with original maturities of 3 months or less. These bear an average interest rate (yield) of 1.33% p.a.

At 31 March 2015 the Group has guarantees on its bank accounts opened at ING Bank Romania and OTP Bank Romania for the overdrafts and loan contracted.

The following information is relevant in the context of the statement of cash-flows:

Non-cash activity includes:

- purchases of property, plant and equipment on suppliers' credit of RON 24 million during the three month period ended 31 March 2015 (three month period ended 31 March 2014: RON 18 million);
- land contributed by the shareholder: RON 4,174 thousand during the three month period ended 31 March 2014;
- set-off between trade receivables and trade payables of RON 16 million during the three month period ended 31 March 2015 (three month period ended 31 March 2014: RON 1 million).
- effect of loss of control over subsidiaries under financial distress in amount of RON 2,863 thousand during the three month period ended 31 March 2015 (see Note 17).

14 Share capital

The issued share capital in nominal terms consists of 345,939,929 ordinary shares at 31 March 2015 (345,939,929 ordinary shares at 31 December 2014) with a nominal value of RON 10 per share. 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 meetings of the Company.

	2015	2014
Number of shares at 1 January	345,939,929	207,839,904
Shared issued during the period	-	188,264
Number of shares at 31 March (unaudited)	**345,939,929**	**208,028,168**

Until 31 December 2003, the statutory share capital in nominal terms was restated according to IAS 29 "Financial Reporting in Hyperinflationary Economies" with a corresponding adjustment to retained earnings.

15 Financial instruments – fair values

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
31 March 2015 (unaudited and not reviewed)	**Loans and receivables**	**Held to maturity financial assets**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade receivables	852,208			852,208				
Deposits, treasury bills and government bonds	-	2,139,354		2,139,354				
Cash and cash equivalents	721,194			721,194				
Total	**1,573,402**	**2,139,354**		**3,712,756**				
Financial liabilities not measured at fair value								
Bank overdrafts			66,488	66,488				
Long term bank liabilities			16,300	16,300				
Financing for network construction related to concession agreements			236,242	236,242		241,332		241,332
Finance lease			170	170				
Trade payables			454,729	454,729				
Total			**773,929**	**773,929**				

	Carrying amount				Fair value			
31 December 2014	**Loans and receivables**	**Held to maturity financial assets**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade receivables	780,821			780,821				
Deposits, treasury bills and government bonds	-	1,220,521		1,220,521				
Cash and cash equivalents	1,629,508	-		1,629,508				
Total	**2,410,329**	**1,220,521**		**3,630,850**				
Financial liabilities not measured at fair value								
Bank overdrafts			48,132	48,132				
Financing for network construction related to concession agreements			250,550	250,550		256,130		256,130
Finance lease			294	294				
Trade payables			555,256	555,256				
Total			**854,232**	**854,232**				

In March 2015 Electrica Serv contracted a credit facility from OTP Bank Romania of RON 18,000 thousand in order to finance the subsidiary's payables to tax authorities out of which it used RON 16,300 thousand. The loan bears an interest rate of ROBOR 3M plus a margin of 3.25% p.a. The loan is payable in equal monthly tranches until 11 November 2016.

The loan is secured through mortgage on part of the subsidiary's assets (bank accounts, trade receivables from the contracts concluded with related parties and buildings).

(b) Measurement of fair values

Fair value hierarchy

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can

	Three month period ended	
	31 March 2015 (unaudited and not reviewed)	31 March 2014 (unaudited)
Members of Board of Directors	485	324
Representatives in the General Meeting of Shareholders	10	37
Total	**495**	**361**

No loans were granted to managers or administrators.

(c) Transactions with companies in which the state has control or significant influence

The Group has transactions with companies in which the state has control or significant influence in the ordinary course of its business, related mainly to the acquisition of electricity, transmission and system services and sale of electricity. Significant purchases and balances are mainly with energy suppliers, as follows:

	Purchases (excluding VAT)		Balance (including VAT)	
Supplier	Three month period ended 31 March 2015 (unaudited and not reviewed)	Three month period ended 31 March 2014 (unaudited)	31 March 2015 (unaudited and not reviewed)	31 December 2014
Nuclearelectrica	66,229	87,299	21,847	35,619
Transelectrica	168,265	133,467	86,736	156,759
Complexul Energetic Oltenia	31,424	-	13,529	6,000
Hidroelectrica	128,572	131,551	35,948	55,065
OPCOM	149,029	149,143	738	2,449
Electrocentrale Bucuresti	29,103	-	6,678	1
SNGN ROMGAZ	-	55,016	-	-
CN Posta Romana SA	1,681	2,063	324	324
Others	17,784	4,129	11,715	5,540
Total	**592,087**	**562,668**	**177,515**	**261,757**

The Group also makes sales to companies in which the state has control or significant influence representing electricity supplied, of which the most important transactions are the following:

Client	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
	Three month period ended 31 March 2015 (unaudited and not reviewed)	31 March 2015 (unaudited and not reviewed)		
CFR	17,674	6,062	-	6,062
SNGN Romgaz	3,756	1,454	-	1,454
OPCOM	893	644	-	644
Societatea Comerciala "Cupru Min"- S.A. Abrud	7,153	20,694	(20,694)	-
Transelectrica	1,235	71	-	71
CN Romarm	2,533	681	-	681
CN Remin SA	107	71,188	(71,188)	-
C.N.C.A.F. MINVEST S.A.	-	78,735	(78,735)	-
Oltchim	-	715,277	(715,277)	-
Baita SA	498	6,382	(5,186)	1,196
Enel Distributie Muntenia	4,491	7,695	-	7,695
Others	9,880	7,501	(3,035)	4,466
Total	**48,220**	**916,384**	**(894,115)**	**22,269**

Client	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
	Three month period ended 31 March 2014 (unaudited)	31 December 2014		
CFR	40,910	1,367	-	1,367
SNGN Romgaz	4,926	1,544	-	1,544
OPCOM	4,087	2,374	-	2,374
Societatea Comerciala "Cupru Min"- S.A. Abrud	7,860	24,122	(24,122)	-
Transelectrica	4,406	2,080	-	2,080
CN Romarm	2,605	366	-	366
Electrocentrale Oradea	1,140	341	-	341
CN Remin SA	128	71,192	(71,192)	-
C.N.C.A.F. MINVEST S.A.	-	78,735	(78,735)	-
Oltchim	-	715,277	(715,277)	-
Baita SA	712	6,366	-	6,366
Enel Distributie Muntenia	-	14,814	-	14,814
Others	3,655	5,153	(75)	5,078
Total	**70,429**	**923,731**	**(889,401)**	**34,330**

17 Subsidiaries in financial distress

In 2013 the Company approved the liquidation of Servicii Energetice Moldova, Servicii Energetice Banat and Servicii Energetice Dobrogea. Servicii Energetice Dobrogea entered in bankruptcy in January 2015 and Servicii Energetice Banat in November 2014 and consequently the Company discontinued consolidation as of these dates as it no longer has control over them.

The individual assets and liabilities of Servicii Energetice Dobrogea at the date the Company ceased its consolidation (January 2015) were as follows:

	Carrying amount
	Servicii Energetice Dobrogea as of January 2015
Property, plant and equipment	3,435
Trade receivables	1,367
Cash and cash equivalents	2,863
Total assets	**7,665**
Trade payables	1,802
Other payables	22,006
Employee benefits	22,214
Deferred tax liabilities	144
Total liabilities	**46,166**
Gain on loss of control (Note 8)	**38,501**

In January 2014 the Board of Directors of Servicii Energetice Oltenia and in October 2014, the Board of Directors of Servicii Energetice Muntenia decided the commencement of the insolvency procedure with a view to reorganization. The insolvency processes were initiated in 2014.

Due to the above conditions that indicated the existence of significant uncertainties that cast significant doubt on the ability of these subsidiaries to continue to operate as going concerns, the Group has recognised the carrying amounts of the assets and liabilities of these subsidiaries on an alternate basis as at 31 March 2015 (for Servicii Energetice Moldova SA, Servicii Energetice Oltenia SA, and Servicii Energetice Muntenia) and 31 December 2014 (for Servicii Energetice Moldova SA, Servicii Energetice Dobrogea SA, Servicii Energetice Oltenia SA, and Servicii Energetice Muntenia).

As at 31 March 2015 and at 31 December 2014, the carrying amount of the assets and liabilities of these companies included in the consolidated financial statements are as follows:

31 March 2015 (unaudited and not reviewed)	**Servicii Energetice Moldova**	**Servicii Energetice Muntenia**	**Servicii Energetice Oltenia**	**Total**
Property, plant and equipment	23,825	108,199	35,250	**167,274**
Trade receivables	9,401	9,911	3,822	**23,134**
Cash and cash equivalents	2,962	5,498	854	**9,314**
Total assets	**36,188**	**123,608**	**39,926**	**199,722**
Trade payables	(2,680)	(6,163)	(2,597)	**(11,440)**
Payables to the State budget	(50,827)	(1,778)	(5,255)	**(57,860)**
Social security and other salary taxes	(35,191)	(3,291)	(6,575)	**(45,057)**
Provisions, employee benefits and deferred taxes	(30,379)	(28,584)	(14,018)	**(72,981)**
Total liabilities	**(119,077)**	**(39,816)**	**(28,445)**	**(187,338)**

31 December 2014	**Servicii Energetice Moldova**	**Servicii Energetice Dobrogea**	**Servicii Energetice Muntenia**	**Servicii Energetice Oltenia**	**Total**
Property, plant and equipment	40,418	3,435	109,180	35,006	**188,039**
Trade receivables	811	1,313	16,894	3,729	**22,747**
Cash and cash equivalents	1,971	2,863	291	1,095	**6,220**
Total assets	**43,200**	**7,611**	**126,365**	**39,830**	**217,006**
Trade payables	(2,900)	(2,098)	(5,976)	(2,865)	**(13,839)**
Payables to the State budget	(47,735)	(22,006)	(1,887)	(4,297)	**(75,925)**
Social security and other salary taxes	(38,192)	(17,130)	(2,471)	(6,120)	**(63,913)**
Provisions, employee benefits and deferred taxes	(26,387)	(5,228)	(27,762)	(13,914)	**(73,291)**
Total liabilities	**(115,214)**	**(46,462)**	**(38,096)**	**(27,196)**	**(226,968)**