



# **Romelectro** **Annual Report** **2005**



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**Romelectro**  
**Annual Report**  
**2005**

# Statement of the President and General Manager



**Viorel Gafița**  
President and General Manager

Looking back into 2005, the main question arose is how responsible have we acted for the sustainable development of ROMELECTRO and how efficient we answered to the key issues.

At EU level key issues like:

- › Urgent need of investments;
- › Import dependency;
- › Few primary energy resources;
- › Prices rising;
- › Demand growing;
- › Climate change;

are more often stressed out. Do they represent for us a challenge or a threat?

We believe that only through an internal fully competitive environment and a balanced energy market policy we will be able to ensure security of supply and prices decreasing at national level.

It's not easy playing a key role in this specific market. To this aim, for ROMELECTRO key roles means:

- › Key offer – divers and flexible;
- › Key partnerships – available for strategic alliances aiming complex projects development;
- › Key competency – tradition and experience gathered in 35 years of activity.

ROMELECTRO position on the market as EPC contractor, investor and environmental committed project developer covers essentially our client's needs, on this moment and on a short term forecast. Our trump card is the capability of arranging credits in order to build and ensure the financing schemes for power projects development. We also know that only acting together in strong partnerships we can support the Romanian energy market restructuring process and assert, in the same time, our company interest.

ROMELECTRO is giving a major importance to the electricity and utilities markets changes, forecasting Romania's EU accession, thus offering guarantee for implementing and carrying out selected projects. Our company's involvement in investing in such markets is focused through our integrated technical, financial and commercial solutions offer for new and clean technologies, adequate supporting

schemes and competitive project management.

The year 2005 represents for us 1,129,900 MWh electricity trade, with 10% higher than 2004. Projects were developed in the fields of power and heat generation, including RES, transmission and distribution. A major concern for us was and is to develop new projects or retrofit the existing ones led by a basic principle – use the energy mix, promoting renewable forms of energy and climate-friendly technologies. 2005 key figures, as a 73 mil EUR turnover and a net profit of about 4 mil EUR show us a normal and well-balanced evolution.

In 2005, almost all the contracts answered the urgent needs of our clients. Meanwhile, the efforts were oriented towards new clean technologies, such as "low NOx" firing systems, biomass, cogeneration.

Not only new areas but also new approaches were initiated, so as to transform ROMELECTRO from a contractor into an EPC contractor, a developer, partner and investor.

None of those results would have been feasible without our employees' commitment and our partners' competent support.

Investing in the future means for us:

- › Investing credits in our employees (motivation, morality, respect, confidence);
- › Adding values to our company through our partners capabilities;
- › Offering excellence to our clients;
- › Creating corporate social responsibility;
- › Contributing to a sustainable energy development.

Last but not least we need to show our appreciation to our shareholders, clients and partners involvement in standing for ROMELECTRO's efforts in making a sustainable future for the next generations.

**Viorel Gafița**  
President  
and General Manager

# Our Partners in Creating Value

Partnership is essential in reaching our targets, to this aim the project team created client – consultant – engineering - investor – supplier – constructor is for Romelectro the key to every success story.

## Why us?

- › **Diversity** of our services and products offer;
- › **Flexibility** of our offer to the market changes and clients' requirements;
- › **Availability** for strategic partnerships development;
- › **Tradition and experience.**

## What we offer?

### business areas

- › Power and heat generation (fossil fuels, nuclear and renewable energies);
- › Power T&D;
- › Environmental protection;
- › Infrastructure systems – public services;
- › Telecommunication systems;
- › Civil and industrial works;
- › Other industries.

### services & products

- › Technical consulting;
- › Project management;
- › Studies, Research-Development-Deployment (R, D & D);
- › Basic and detailed engineering;
- › Supply, erection/construction and assembling of equipments, parts and installations;
- › On site supervision and commissioning;
- › Equipment operation behaviour monitoring during guarantee period;
- › Construction behaviour monitoring;
- › Maintenance, retrofitting and upgrading;
- › Equipment, fittings, products and know-how import-export;
- › Electricity trade;
- › Steel towers, hard wares, fittings and clamps for OHTL (up to 750 kV) and electrical substations;
- › Latticed and tabulated towers for telecommunication networks;
- › Steel structures.

### key role on the energy market

- › Project developer
- › Investor
- › EPC contractor;
- › Subcontractor;
- › Local strategic partner;

- › Supplier;
- › Manufacturer.

## Who we are?

**ROMELECTRO** – an unique environmental committed project developer, investor, EPC contractor on the energy market (power and heat generation, transmission and distribution)

**ISPE** – a consulting and engineering company, national leader in the field of power & heat generation, transmission and distribution systems

**ENERGOPROIECT TIMIȘOARA** – a competitive consulting and engineering company specialised in hydro planning, modelling and HPP development

**CELPI** – a traditional steel structures, clamps and fittings manufacturer and assembler unique at national level, for the fields of PTD and telecommunication

**ELECTROMONTAJ CARPAȚI SIBIU** – one of the most important erecting and assembling company, capable of ensuring also commissioning services, in the field of PTD

## Values within

A simple philosophy based on our employees commitment and competence and our partners support: **to meet our clients needs.**

ROMELECTRO group of companies – a national dominant player willing to become an international wide competitor – always act in ideal partnerships based on a cooperation and communication diagram.

# Our Partners in Creating Value



# Quality Management

ROMELECTRO have been certified for the appliance of the Quality Management System (QMS) for general contractor, import-export services, and electricity trading by the Romanian Society for Quality Assurance – SRAC since the year 2000. At that time SRAC system was developed in accordance with ISO 9002:1994.

ROMELECTRO QMS was re-certified in 2003, again by SRAC and also by IQNet according to ISO 9001:2000. Knowing the commitment of our company in developing complex environmentally friendly power project, environmental protection issues were tackled within the specific documentation performed for ROMELECTRO's Environmental Quality Handbook. We may consider it as a first step to the integrated quality and environment management system approach, according to ISO 14001:1997.

In the end of 2005 we managed to accomplish the complete documentation regarding the:

- › Environmental Quality Management System in compliance with ISO 14001:2005;
- › Employment Health and Safety Quality Management System in compliance with SR OHSAS 18001:2004;

thus starting a complex implementation process within ROMELECTRO.

Targeting the future, forecasting Romania's EU accession and willing to become an international competitor ROMELECTRO is preparing the documentation for the implementation of the Integrated Quality-Environment Management System (IQEMS). At the same it will be made an appropriate analysis regarding the opportunity of integrating or not also the Employment Health and Safety Quality Management System within the IQEMS.

Taking into consideration ROMELECTRO's vast business area, its capabilities and proficiencies other licences and certificates were requested, as follows:

- › Licence no. 1576 / 07.03.2003 issued by ANRE (Romanian Regulatory Body for Power and Heat) for electricity trading services;
- › Certificate no. 663 / 14.06.2005 issued by ANRE for developing electrical installations works for the National Power System;
- › TRANSELECTRICA's certified supplier no. 22632 / 21.11.2005 of import-export and general contractor services and constructions.



# Recent References and Business Opportunities

## Power and Heat Generation **Işalnița CHPP, Complexul Energetic Craiova – Rehabilitating and Modernizing Unit no. 7 (315 MW)**

The project consist in rehabilitating and modernizing the boiler installation and auxiliary aggregates, installing a new turbine, modernizing the auxiliary equipment in the turbine hall, implementing a flue gas desulphurisation installation, modernizing the electric and control installations that should allow an efficient management of the unit with own specific consumption within the values specified in the technical requirements book.

The cost of the project will be covered 80% is by sovereign guarantee and the rest by commercial credits.

The services provided by ROMELECTRO, as consultant, consist in:

- › Management consulting;
- › Technical consulting, including surveys and expert appraisals;
- › Financial, commercial and legal consulting;
- › Project management consulting;
- › On site supervision and commissioning.

The performance that is going to be attained after completing the project refer to an increase in the installed power, an increase in the availability degree, keeping the emissions within the legal environmental provisions.

In august 2005 we began negotiating the commercial contract, and until now the following stages have been developed:

- › Carrying out the international bidding documentation (technically, commercially, financially and legally) in order to establish the general contractor of this project;
- › Carrying out technical, commercial and financial specifications;
- › Naming the selection criteria of the officers;
- › Proposing a commercial contract;
- › Naming the criteria and requirements necessary for financing the project, obtaining bank credits and unfolding them.





# Recent References and Business Opportunities

## **București Vest CHPP (525 t/h steam boiler no. 2) and București Sud CHPP (525 t/h steam boilers nos. 5 and 6) - Rehabilitating firing installations**

This project aimed at modernizing the firing installations by equipping three TLMACE type 525 t/h steam boilers in București Vest CHPP (no. 2) and București Sud CHPP (nos. 5 and 6) gas and black oil mixed burners with low NOx, by including it into a BMS (Burner Management System).

This BMS will couple with the DCS (Distributed Control System), that in its turn will be extended to the level of the whole boiler, by purchasing the entire analogue and binary signals that are still necessary. Each boiler was fitted with 12 burners with low NOx of 40 MWt each, BMS, DCS, new modern gas, black oil and dual supply systems; burglary monitoring systems; gas leakage monitoring systems, etc.

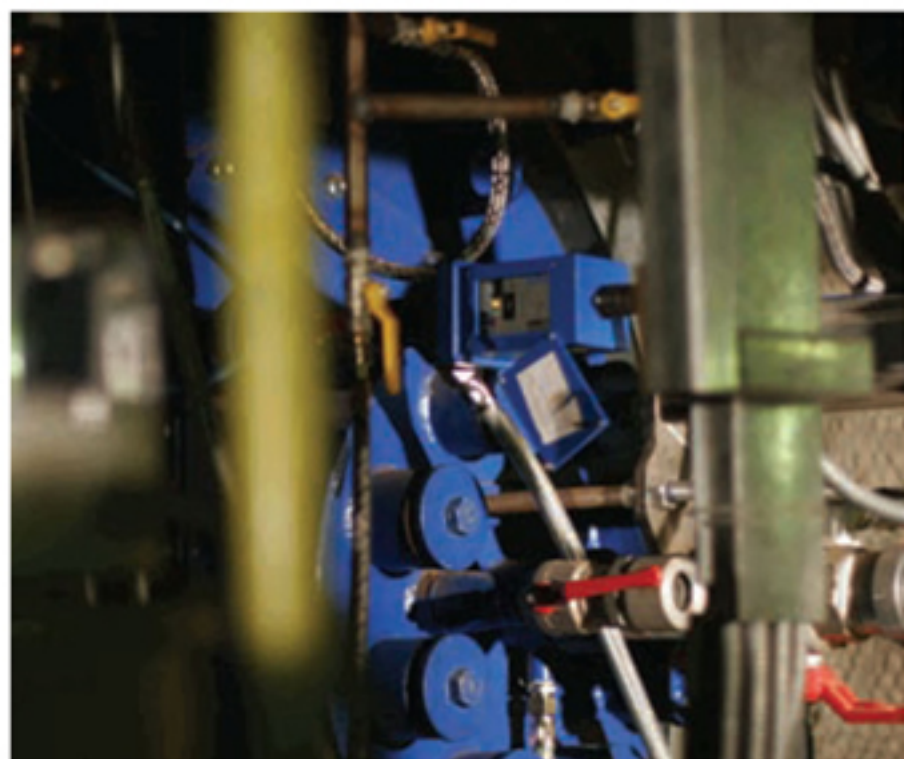
The services provided by ROMELECTRO consisted in:

- › Basic and detailed engineering;
- › On-site supervision and commissioning;
- › Equipment operation behaviour monitoring during guarantee period;
- › Construction behaviour monitoring;
- › Supply, construction and assembling of equipment, parts and installations;
- › Equipment, fittings, products and know-how import-export.

The project started in December 2004, with a deadline in October 2006. ROMELECTRO is in the execution graphics, the boilers no. 2 BUCUREȘTI VEST CHPP and no. 6 BUCUREȘTI SUD CHPP are commissioned on time and the performance tests carried out successfully.

### Other partners who joined the project:

<u>Role</u>	<u>Company</u>
<u>Client</u>	<u>ELECTROCENTRALE BUCUREȘTI represented by SUCURSALA ELECTROCENTRALE BUCUREȘTI</u>
<u>Investor</u>	<u>ELECTROCENTRALE BUCUREȘTI</u>
<u>Governmental authorities</u>	<u>Ministry of Economy and Commerce</u>
<u>Equipment and fittings supplier</u>	<u>MEHLDAU &amp; STEINFATH</u>



# Recent References and Business Opportunities

## Zaláu CHPP – Retrofitting and Modernizing

Zaláu CHPP is a combined heat and power production plant, operated by the UZINA ELECTRICA Zaláu company, found under the Local Council of Zaláu City.

The cogeneration plant was meant for thermal power (steam and hot water) and electric power supply to consumers in the industrial area and for district heating in Zaláu City.

Because of the high unitary thermal and electric power costs, with bad effects upon the profitability of the activity of UZINA ELECTRICA Zaláu, that had financial losses during the last years, it is necessary to carry out a project with the following objectives:

- › Thermal power (technological steam and hot water) supply to industrial and urban consumers connected under reliable conditions and at the required parameters;
- › Meeting the legal environmental provisions by keeping the SO<sub>2</sub>, NO<sub>x</sub> and powder emissions with the rated values, by mitigating the CO<sub>2</sub> emissions, corresponding to the biomass percentage used and cost cutting;
- › Conducting an efficient activity of the UZINA ELECTRICA Zaláu company and increasing the power efficiency of the technological process.

To reach these goals, ROMELECTRO proposed the following categories of works in Zaláu CHPP:

- › Modernizing works at two 120 t/h steam boilers in the power plant (boilers nos 3 and 4) involving turning to biomass firing (min. 90%) and fluidised bed lignite firing and lifetime extension by yet 15 years. At the we aim at 86% guaranteed efficiency at rated load, by keeping the pollutant emissions within the legal provisions;
- › Installing a new 30 MW condensing unit with cogeneration bleeding.

The total cost of the project will be financed jointly as follows: 23% partners' contribution (in kind and cash), and 77% from drawn

sources (foreign credits, CO<sub>2</sub> sales, other sources).

In order to implement the project, "BIOENEL SA" project company was achieved with the following shareholders:

- › The Local Council of Zaláu City;
- › UZINA ELECTRICA Zaláu;
- › ROMELECTRO;
- › GANZ DANUBIUS HUNGARO STEEL;
- › ENRAC Energia Racionalizalo Es Szolgaltato Korlatolt Felelossegu Tarsasag;
- › The Institute for Studies and Power Engineering - ISPE.

The services that will be provided by ROMELECTRO for this project under development are the following:

- › Project management;
- › Prefeasibility and feasibility studies (ISPE);
- › Basic and detailed engineering (ISPE);
- › On site supervision and commissioning (ISPE);
- › Equipment operation behaviour monitoring during guarantee period;
- › Construction behaviour monitoring;
- › Supply, construction and assembling of equipment, parts and installations, fittings;
- › Products and know-how import-export;
- › Fittings and materials retrofitting and modernizing and electricity trade.

The date proposed for commissioning is the first semester of 2007.

The partnership in this project runs as follows:

Role	Company/Institution
Client	BIOENEL (Project company newly created)
Financial arranger	OTP Bank
Investors	Zaláu Local Council, UE Zaláu, ROMELECTRO, foreign partners
Governmental authorities	Zaláu Local Council, County Council, Ministry of Administration and Interior
Constructor and assembler	Consortium (ROMELECTRO/GDHS)
Operation and maintenance	UE Zaláu

# Recent References and Business Opportunities

## Buzău City – Thermal power source for district heating

The Local Council of Buzău City, as Public Authority, decided to carry out, under a ROT public private partnership, a thermal power source for the Buzău City district heating.

The project consists in turning the Thermal Power Plant, equipped with a 100 Gcal/h hot water boiler, into a Combined Heat and Power Plant that will generate thermal power for district heating, and electric power. The chosen technical solution is a 7.9 MW cogeneration unit with gas turbine and recovery boiler for ensuring the thermal power consumption in summertime and a 60 Gcal/h hot water boiler for meeting the wintertime peak.

The cost of the project was estimated at about 8.5 mil EUR. The cost of the turnkey contract will be paid (20% of it) from the sums invested by investors in the Project Company, and the rest of 80% from the credit granted by the financier.

The services provided by ROMELECTRO for this project consisted in:

- › Commercial and legislative consulting;
- › Project management,
- › Basic and detailed engineering (ISPE);
- › On site supervision and commissioning;
- › Equipment operation behaviour monitoring during guarantee period;
- › Supply, construction and assembling of equipment, parts and installations, fittings;
- › Products and know-how import-export;
- › Electricity trade.

The project graphics provides the following important data: project start date – July 2005; negotiation start date – May 2006; public private partnership contract duration: 15 years.

The partnership in this project runs as follows:

Role	Company
Client	Local Council of Buzău City
Investor	ROMELECTRO, ISPE, EXIMPROD
Governmental authorities	Local Council of Buzău City
Equipment and fittings supplier	SIEMENS INDUSTRIAL TURBOMACHINERY LTD. / U.K.
Operation and maintenance	Buzău City Authority with technical assistance from the producer
Legal consultant	Attorney company Ștefănică, Dușu & associates



# Recent References and Business Opportunities

## Jiu River hydropower site on Livezeni – Bumbesti sector

The project consists in building up a hydropower site on Jiu River by carrying out a dam in the Livezeni area, a 24.5 MW hydropower plant at Dumitra and a 40.5 MW hydropower plant at Bumbesti, each equipped with 3 Francis units with vertical axis.

ROMELECTRO is the general contractor, as it ensures the project management, and purchases the equipment, while carrying out the mid voltage transmission lines of the site and the high voltage lines delivering the power generated by the two hydropower plants.

The contract was signed by ROMELECTRO, as a project partnership leader of:

Role	Company
Client	HIDROELECTRICA
Consortium leader/General contractor	ROMELECTRO
Investor	HIDROELECTRICA
Equipment and fittings supplier	UCM Reșița and other suppliers
Technical consultant	ISCE
Designer – basic and detailed engineering, bid documents	ISPH
Constructor and assembler	HIDROCONSTRUCȚIA
Operation and maintenance	HIDROELECTRICA

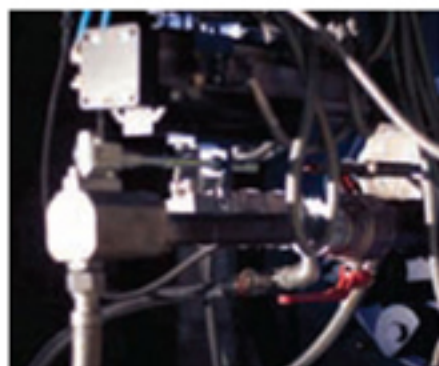
The value of the turnkey contract is about 325 mil RON. The work will be 100% financed by the client – HIDROELECTRICA – from own funds and credits.



# Recent References and Business Opportunities

Romelectro provides commercial services also for other hydropower plant retrofitting projects:

- › Iron Gates 1: retrofitting and increasing the power of the 6 hydro aggregates at Iron Gates 1 HPP; the project started in 1997 and was completed in 2005.
- › Iron Gates 2: overall repair and increasing the power of the 6 hydro aggregates at Iron Gates 1 HPP. The project started in 2004 and will be completed in 2012.



# Recent References and Business Opportunities

## Power Transmission and Distribution

### 2x40 MVA electrical substation – 110/10 (20) kV București Centru

As it operated at 10 kV for about 30 years the existing substation requires both modernizing the power installations and consolidating the existing building, which is impossible to achieve with installations in operation. The new București Centru substation will be set on 23 General Ion Florescu str., sect. 3, in the precinct of the existing substation.

Romelectro as local contractor-developer provided the following services:

- › Surveys and expert appraisal;
- › Project management;
- › Basic and detailed engineering;
- › On-site supervision and commissioning;
- › Construction behaviour monitoring;
- › Supply, construction and assembling of equipments, parts and installations.

The project started in April 2005 and the new substation is expected to be commissioned in April 2007.

#### Other partners in this project:

Role	Company
Client	FDFEE ELECTRICA MUNTENIA SUD
Investor	ALSTOM POWER ROMANIA
Equipment and fittings supplier	AREVA ENERGIE/TECHNIK GMBH



# Recent References and Business Opportunities

## 220/110/20 kV electrical substation – Baia Mare 3

Baia Mare 3 – 220/110/20 kV substation belonging to TRANSELECTRICA - Cluj Transmission Subsidiary, has been in operation for 23 years, as it was built and commissioned in the year 1973. That is an important site of the National Power System (NPS), as northern Romania was connected to the NPS through the 220 kV voltage, by 2 x 220/110 kV autotransformers, having 200 MVA each.

The substation is located in Maramureş county, on the country road DJ 182 Baia Mare – Târgul Lăpuş (about 3 km from Baia Mare).

The 110 kV substation delivers electric power to industrial and domestic consumers in the cities of Baia Mare and Sighetul Marmăţiei as well as about 85% of the territory of Maramureş county.

The 110 kV part of Baia Mare 3 substation is provided with a double busbar system (the 1st busbar system is sectioned by 110 kV disconnectors) and the transfer busbar.

Since the commissioning of the substation we have carried out only preventive maintenance works.

The 110 kV part has efficient equipment in 8 bays (110 kV circuit-breakers and 110 kV disconnectors) made by AREVA – Germany.

The rest of the primary equipment (110 kV circuit-breakers, 110 kV disconnectors, 110 kV current transformers and 110 kV and 110 kV voltage transformers) is older than the normal lifetime for this kind of equipment.

Under these circumstances increasing the operating reliability of this substation on the 110 kV side represents a necessary condition for the power transmission and distribution in the Maramureş county area.

ROMELECTRO as general contractor started the works "Major Maintenance – 110 kV Bay Overall Repair" in March 2005 and completed them on the 15th of December 2005, 2 months before the deadline specified in the contract. Thus, we carried out overall repair works at the primary circuits in the Baia Mare 3, 110 kV substation bays and adapted the secondary circuits of the 110 kV equipment at the rows of clamps of outer fittings.

## The new 110/20 kV electrical substation - 2 x 10 MVA Borsec

ROMELECTRO, as local contractor and developer, in collaboration with ALSTOM, playing the role of contractor, commissioned in April 2005 a new Borsec 110/20 kV substation, situated about 26 km from the city of Topliţa.

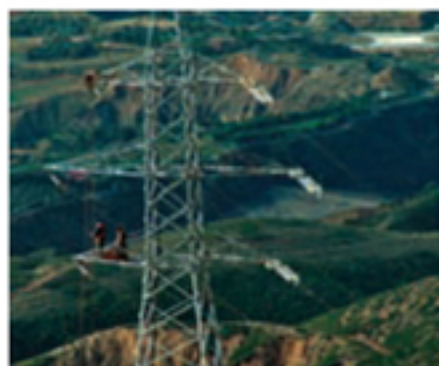
This site represents an important node of the distribution network in the area, performing several functions, for each voltage separately, as follows:

### at 110 kV:

- › 110 loop closing between the Gheorgheni 220/110/20 kV and Topliţa 110/20 kV substations;
- › Power transit between the Harghita and Neamţ counties resulting in supply standby for each of the two areas.

### at 20 kV:

- › Power injection in the 20 kV distribution network in the Borsec area for delivering to the local consumers (domestic and industrial) and ensuring the conditions for a sustainable development (Borsec mineral water valorisation) and tourist attraction development in the area.
- › Interconnecting with the Harghita and Neamţ areas.



# Recent References and Business Opportunities

The new Borsec 110/20 kV substation was carried out by a H type diagram (disconnecting loop) by equipping it with primary outer switching devices, made by AREVA: modern 110 kV circuit-breakers with SF6 in transformer bays and 110 kV OHTL, disconnectors and dischargers. The electric power is distributed through 2, 10 MVA; 110/20 kV power transformers - manufacturer EP Craiova and 7 VISAXT medium bays with debranchable void circuit-breakers, mounting also 2, 250 kVA; 20/0.4 kV internal services transformers. At the same time we set in numerical and SCADA control system and protections, as the substation can be telecontrolled.

This way the following have been achieved:

- › Considerable annual maintenance cost cut;
- › Compliance with the labor protection and fire prevention regulations, by removing all the accident, fire risks, etc.;
- › Easier extension of substations with new bays for all voltages;
- › Higher operating reliability due to a lower failure risk at operations;
- › Monitoring and maintenance personnel cut (practically it is an unmanned substation);
- › Possible entire telecontrol of substations at all dispatching levels (distribution, territorial, and national);
- › Monitoring and maintenance personnel protection;
- › Environmental and contingent area protection according to international standards;
- › Decrease in failures and unscheduled interruptions.

## Roşiori 400/220 kV electrical substation

Roşiori substation was initially commissioned in 1977, having local equipment and fittings from the '60s. Situated about 45 km away from the city of Baia Mare, Roşiori 400/220 kV substation is an important node of the transmission network, performing several functions, for each voltage separately as follows:

### at 400 kV:

- › Power transit between Romania and the Ukraine (Mukacevo) resulting in a standby supply for each of the two countries;
- › Power injection into the 220 kV in the north-west area of the NPS, for delivery to local consumers and to Maramureş and Sălaj areas consumers, for reserving the links to Baia Mare and Satu Mare areas.

### at 220 kV:

- › Delivery to deficit Maramureş areas;
- › Interconnecting to Bihor and Cluj areas.

Roşiori 400/220 kV substation is being modernized by replacing the existing primary switch equipment, having oil as extinguishing medium, with modern circuit-breakers with SF6 and new disconnectors. On that occasion we replaced also the 400 MVA AT and modernized the internal services. At the same time we set in numerical and SCADA control system and protections, as the substation can be telecontrolled.



This investment project is a "Joint Venture" one between JACOBSEN ELEKTRO AS, Norway, playing the role of consortium leader and co-financier, and ROMELECTRO as local developer. The client and financier of this project is TRANSELECTRICA. The governmental authorities involved were: the Ministry of Finance and EXIMBANK, and the equipment and fittings suppliers:

- › ABB Sweden - circuit-breakers, measuring transformer (current and voltage transformers) and ZnO dischargers;
- › HAPAM Holland - disconnector;
- › GENERAL ELECTRIC - protections and control equipment;
- › SIEMENS GROUP - KONCAR POWER TRANSFORMERS LTD. - 400 MVA; 400/220 kV autotransformer;
- › JACOBSEN ELEKTRO AS, ARRUTI Spain - clamps and hard wares;
- › UTI GROUP - theft and fire protection and supervision systems.

The project started in June 2004 and the new substation is scheduled to be commissioned in May 2006.





# Recent References and Business Opportunities

## Mounting active and protection conductors on 20 kV and 150 kV OHTL

The location of the project is Patchaiko Mountain near Patras, Peloponese, Greece, and the aim of the construction-mounting works was to make the connection between a wind farm and the Greek power system.

The client was ATERMON in Athens, Greece and the services provided by the Romelectro specialists consisted in: supply, construction and assembling of equipment, parts and installations.

## Supply and installation of insulators (400 kV and 220 kV), shield wires and optical fibres

Through this project we completed the TRANSELECTRICA strategy for the national transmission network rehabilitation of a data transmission network for data flow upgrading by the continuous NPS monitoring.

Choosing the OPGW mounting solution, means costs relatively low, and the reliability and availability of real time data transmission is optimal, as the environmental impact is minimum.

The investment was covered from EBRD and TRANSELECTRICA own funds. FUJIKURA LTD ROMANIA was general contractor and ROMELECTRO was local subcontractor.

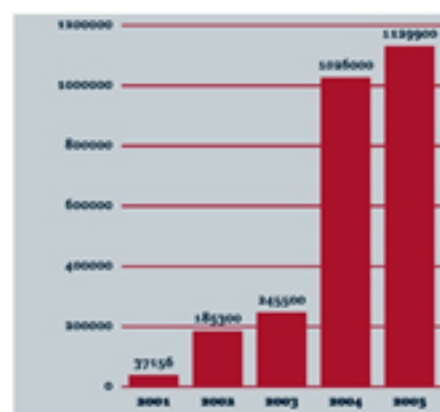
The services provided by ROMELECTRO consisted in:

- › Supply, construction and assembling of equipment, parts and installations (by CELPI and ELECTROMONTAJ CARPAȚI SIBIU);
- › On-site supervision and commissioning;
- › Equipment operation behaviour monitoring during guarantee period.



# Recent References and Business Opportunities

## Electricity Trade



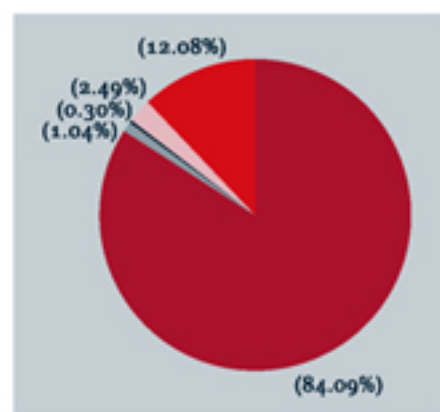
Evolution of the electricity trade performed by ROMELECTRO from its authorisation till now.

After a spectacular growth in 2004 of about 350% comparing to 2003, the year 2005 shows us a normal evolution of about 10% growth in one year.

Year	Quantity (MWh)
2001	37156
2002	185300
2003	245500
2004	1026000
2005	1129900

Key market players, within the National Power System, are: ANRE – Regulatory Authority for Power and Heat, TRANSELECTRICA – National Transmission Company with OPCOM the commercial operator and UNO-DEN the National Dispatch Centre.

Concerning the safety and stability of the system, TRANSELECTRICA is playing the major part in the II UCTE synchronic zone. Re-synchronisation of the two zones was made in 10 October 2004, 10.00 a.m. Thus an electricity market covering the biggest part of Europe appeared.



For Romania, the year 2005 represent 51,885 GWh consumption of electricity and an electricity generation of 54,804 GWh, having this structure by type of primary energy sources.

Primary energy sources	Romelectro	Electricity generation (average at national level)
Coal	84,10%	35,80%
Nuclear	0,00%	9,59%
Natural Gas	1,04%	14,07%
Fuel oil	0,30%	2,68%
Other conventional sources	2,49%	0,75%
Renewable	12,08%	37,11%

# Financial Highlights

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## Independent Auditor's Report

1. We have audited the (account) balance sheet of the company S.C. Romelectro S.A. drew up at the 31st of December 2005, as well as the profit and loss account, the social capital updating, the treasury's flow and annual financial analyses. Those annual financial analyses are drawn up under the company's responsibility. Our task is to express our opinion regarding those analyses, based on the audit already accomplished.
2. The audit has been accomplished in compliance with The National Auditing Standards, issued by the Financial Auditors Chamber of Romania. Those standards require us to plan and execute the audit as to obtain a reasonable insurance regarding the absence of significant untidiness within the financial analyses. The audit consists also in the assessment of accounting principles and methods used, and the significant forecasts made by the company within the annual financial analyses, including the overall presentation of those financial situations. We believe that our audit is offering a reasonable background for expressing our viewpoint.
3. In our opinion the company's financial analyses for the year 2005 is offering a close image, in all significant issues, of the financial position of S.C. Romelectro S.A. at 31st of December 2005 according to the accounting regulation approved by the Ministry of Public Finance Order no. 94/2001 and the International Accounting Standards.
4. This report of the independent auditors is provided for the Ministry of Public Finance and the Registry of Commerce and can not be used in other purposes and by any other third party, without the agreement of S.C. Romelectro S.A. management.

14th of April 2006

S.C. Accounting, Financial Expert and Consultancy Company – SOCECC S.R.L.



# Financial Highlights

2005 (3,623euro/lei)

## Key figures

Turnover, 1000 euro	73,386.45
Export, 1000 euro	11,092.81
Nominal capital, 1000 euro	49.26
Employees, average no.	71.00
Gross profit, 1000 euro	4,761.29
Net profit, 1000 euro	4,019.67
Incomes profitability rate, %	5.46
Expenses profitability rate, %	5.83
Dividends per share, euro	-

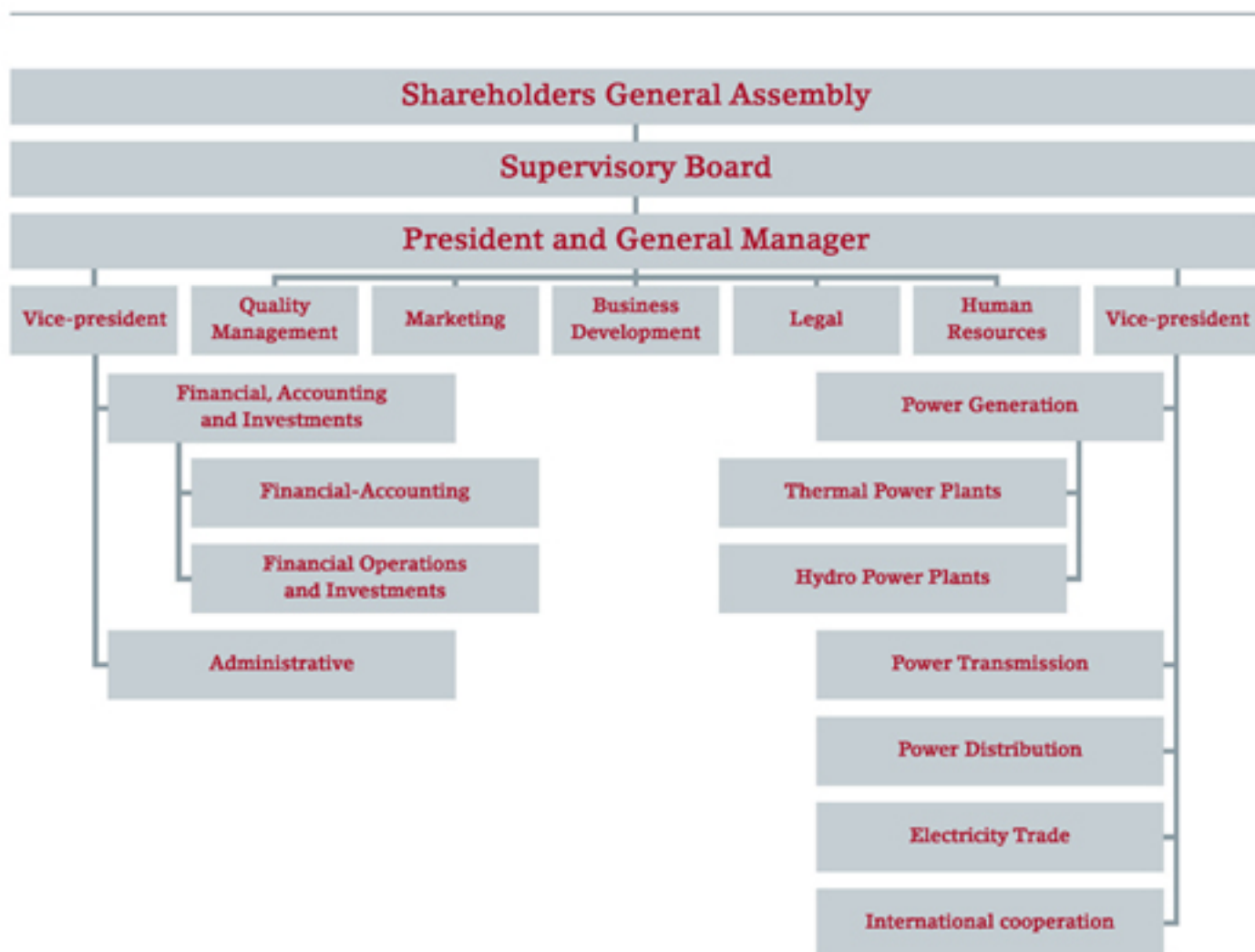
## Consolidated Profit and Loss Account 1000 euro

Operating income	73,388.39
Financial income (exchange rate differences, interests)	271.11
<b>Total income</b>	<b>73,659.50</b>
Operating expenses	68,454.11
Financial expenses	444.09
<b>Total expenses</b>	<b>68,898.21</b>

## Consolidated Balance Sheets 1000 euro

Non-current assets	7,171.91
Intangible assets	15.66
Tangible assets	2,473.86
Financial assets	4,682.38
Current assets	14,264.43
Regularisation & similar account	250.95
<b>Assets Total</b>	<b>21,687.28</b>
Own capital	10,345.96
Debts	11,341.32
<b>Liabilities total</b>	<b>21,687.28</b>

# Company's Chart



Dan Octavian Georgescu  
Vice-president



Viorel Gafița  
President and General Manager



Virgiliu Rădulescu  
Vice-president







**SC Romelectro SA**

1-3 Lacul Tei blvd, 020371 Bucharest, Romania  
ph.: (004 021) 200 4305, fax: (004 021) 200 4375  
office@romelectro.ro, <http://www.romelectro.ro>

