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Annual Report 2007

Mr. Viorel Gafița, President and General Manager



Statement of the President and General Manager

Dear Clients, Partners and Associates,

Once again, I have the pleasure of presenting our achievements over the past year and the opportunity to thank you for the results obtained together.

Following the ascending trend, we have managed this year to increase our activity in both quantity and value, in line with our major objectives:

- diversify our offer and ensure the provision of flexible and varied services
- enter into strategic partnerships and consolidate our company's position in the market
- develop new competencies and confirm our tradition of over 35 years in domestic and in international energy markets
- continue to improve the quality and efficiency of our services

As you are well aware, the year 2007 was not any less challenging than the previous ones. Rom nia's accession to the European Union, the entrance in the Romanian market of major global players, the variations of the financial and fuel markets - have all increased the level of your requirements and expectations from Romelectro. Nevertheless, I am pleased to remark that our offer has grown in consistency, has been accepted by the market and that we are getting very close to a truly European approach in respect of issues concerning the energy and the environment.

Taking into consideration the expansion of our traditional offer in the energy market, I would also like to point out some of the essential and defining achievements of the past year:

- The NOx reduction projects have turned out to be both viable as well as reliable
- In order to reduce the environmental impact, our company's offer in the field of thermal power plants was considerably diversified and has materialized into various contracts
- There is no doubt that Romelectro has become one of the most active and important players in the domestic and international energy - environment field, developing complex capabilities in all matters concerning compliance with the standards set out by the European Union directives (reduction of greenhouse gas emissions, denox and desulphurization, slag and ash removal, waste water treatment)
- Together, we have concluded strategic partnerships in order to involve our company in major electricity generation projects
- We have initiated highly efficient cogeneration projects, gathering the necessary experience, the technical and financial grounds for developing and multiplying such projects, for a wide area of beneficiaries - municipalities, captive electricity and heat consumers (residential areas, parks and industrial consumers). Such projects shall be completed in 2009, establishing a solid reference for subsequent development.

However, we are well aware that evaluating only the past is neither complete nor enough. We have learned to value our results in terms of potential for future developments and sustainability. Only time and our future progress can confirm the certainty of our success. And the future, in the normal terms of today's development, indicates that, with no other actions taken, by 2030 there will be a 50% increase in the global energy demand, a 40% increase in oil demand and a 65% dependency on imports at European level.

Do these figures represent just the development of the market and a certainty of our future as a company? I choose to say no! I choose to ponder carefully upon such perspectives, with responsibility and respect for the present and future society. I choose to define economic competitiveness in terms of energy safety, protection of the environment and energy efficiency. The fact that most of our projects developed mainly approach environmental matters and use exclusively new technologies and solutions, can only reinforce our preoccupations.

For Romania, as for the other European states, this is the moment to take action, and I wish to position Romelectro as a leader of sustainable development initiatives.

The company's future development directions mainly focus on the following:

- increase Romelectro's share in the energy market
- expand our offer into sectors that are beginning to require our experience
- invest in renewable energy sources, including entering into partnerships
- grow continuously the quality of the services offered

Due to the current high complexity issues in the Romanian energy sector, regarding both low efficiency and environment, Romelectro is aiming to become, in the near future, the "most preferred local partner".

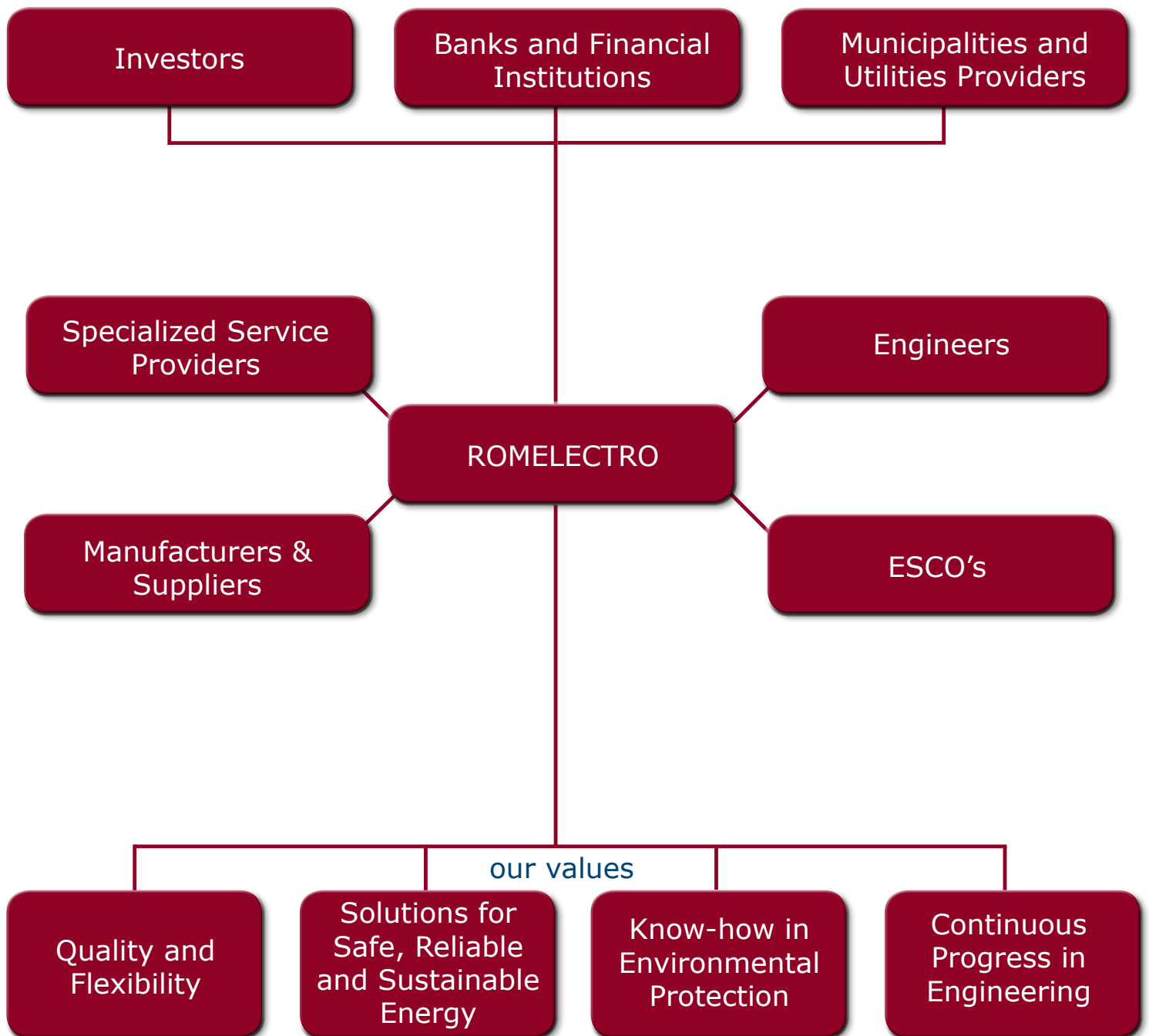
I challenge you once more to take stand and responsibility, trusting that you will find in Romelectro the same loyal partner, willing to grow with you and for you.

VIOREL GAFIȚA
President and General Manager



Our Partners in Creating Value

the key stone of our development



Choosing Wisely

a simple philosophy based on our employees' commitment and competence - to meet our clients needs

Who we are

Romelectro - a leading environmentally committed project developer, investor, EPC contractor in 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.

CELPI - a traditional steel structures, clamps and fittings designer, manufacturer and assembler - unique at national level - for the fields of PTD, telecommunication and metal structures for civil and industrial buildings. The unique facilities in the full load mechanical tests station and the hot dip galvanizing plant can offer a very complex service.

Electromontaj Carpați Sibiu - one of the most important erecting and assembling company, capable of ensuring commissioning services in the field of PTD.

Why us

- Diversity of our services and products offer supported by the most competitive and complex engineering capacity on the local market
- Flexibility of our offer to the market's changes and clients' requirements
- Availability for strategic partnerships development as proven by the past years' achievements
- Tradition and experience

Our offer

Business areas

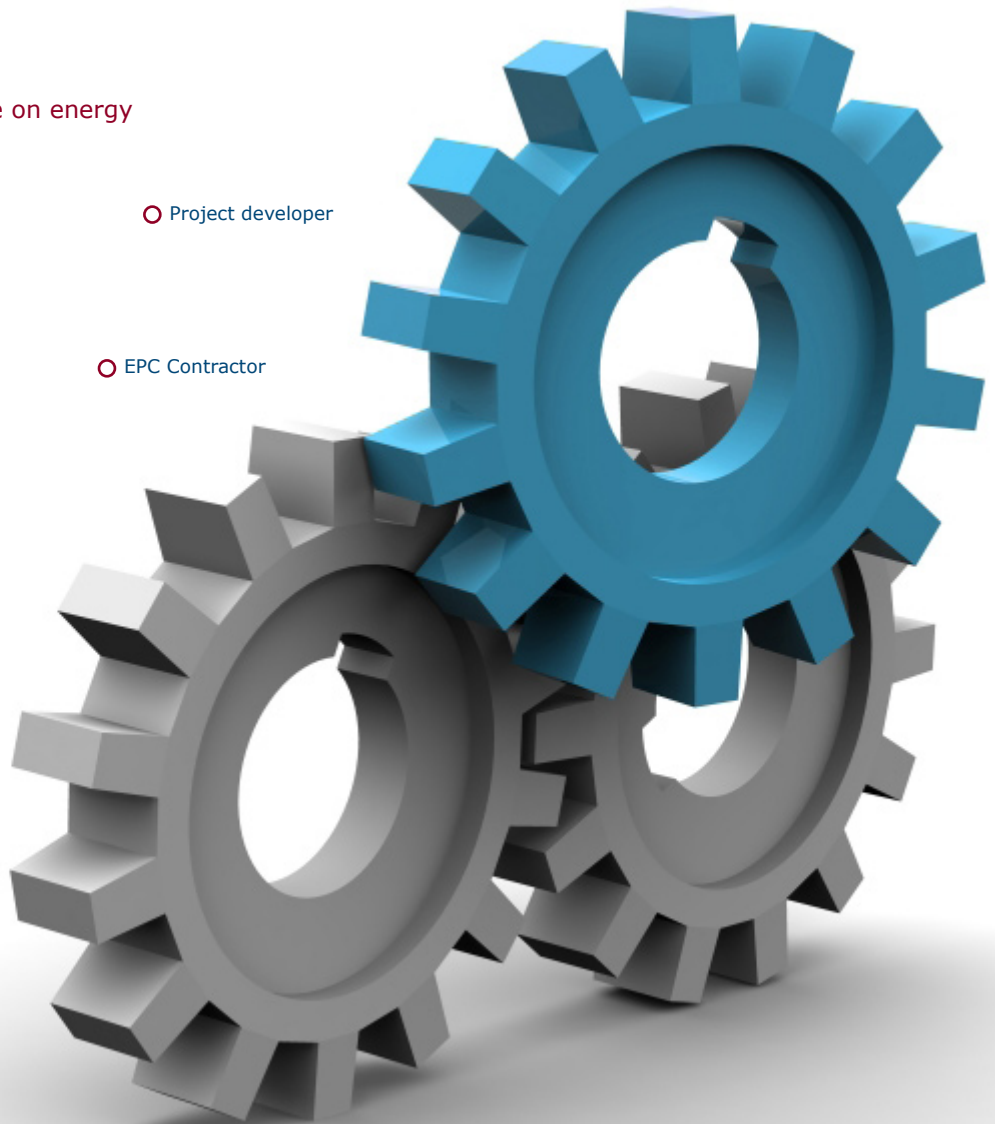
- Power and heat generation (fossil fuels, nuclear and renewable energy)
- Power T&D
- Environmental protection
- Infrastructure systems – public services
- Telecommunication systems
- Civil and industrial works

Services & Products

- Electricity trade
- Technical consulting
- Project management
- Studies, Research-Development (R&D)
- Basic and detail 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
- Steel towers, hard wares, fittings and clamps for OHTL (up to 750kV) and electrical substations
- Latticed and tabular towers for telecommunication networks
- Steel structures

Key role on energy

- Project developer
- EPC Contractor
- Investor
- Subcontractor
- Local strategic partner
- Supplier
- Manufacturer



QEHS Management System and Certificates

quality - environment - safety come first

Quality Management

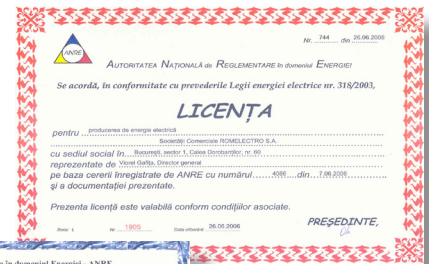
ROMELECTRO was certified in 2000 for the Quality Management System as: "General Contractor, Import-Export service, and Electricity Trading", by the Romanian Society for Quality Assurance - SRAC and IQNet, on the basis of ISO 9001:2000.



Quality and Environmental Management

Quality and Environmental System stands for the commitment of our company in developing complex power projects.

The certifying process for a double integrated management system - "Quality and Environmental Management" - was completed in 2006, on the basis of ISO 9001:2000 and ISO 14001:2004 standards, Romelectro being certified by SRAC and IQNet.



Quality, Environmental and Occupational Health and Safety Management

Targeting the accuracy of our services, ROMELECTRO already implemented a triple integrated management system - "Quality, Environmental and Occupational Health and Safety Management".

This final step of the certification was completed in 2008, by SRAC and IQNet, on the basis of ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007 standards.



Responsibility for Environment and Society

projects for sustainable development

Romelectro group of companies is offering a wide area of consultancy, engineering and erection services addressed to private and governmental industry sector, by developing innovative and ecological solutions for sustainable administration of the environmental issues.

Although the concerns regarding energy and environment were originally local in character - for example, problems associated with extraction, transport or noxious emissions - they are covering now regional and global issues such as climate change, loss of biodiversity and ozone layer depletion. Such problems cannot be solved by countries acting alone but only by becoming major political issues and subject of international debates and regulations.

At Romelectro, we learned that we can achieve competitiveness by developing projects with responsibility and respect for the society and environment.

Facing on one hand very low efficiency in the thermal-power sector and on the other hand the urgent need to comply with the European regulations regarding environmental protection, România needs to act responsible and fast.

That is the reason why we are focusing on the environmental issues in every project we are involved in. More, we created unique abilities on the Romanian market providing solutions for our clients in their effort to comply with the EU norms and regulations.

Air

Since the industrial revolution, the quality of the air we breathe has deteriorated considerably, mainly as a result of human activities. Rising industrial and energy production, burning of fossil fuels and the dramatic traffic increase, all contribute to air pollution in our towns and cities. As the result of EU regulations, much progress has been made for the reduction of air pollutants such as sulphur dioxide, lead, nitrogen oxides, carbon monoxide and benzene.

For the energy sector, Romelectro is developing a wide range of projects ment to reduce the emissions and impact of the air pollutants. We are offering our clients proven solutions for NOx emissions reduction using low NOx burners and we are also developing solutions for increasing SO2 removal efficiency using FGD systems. For the large green field generation projects in which Romelectro is involved, a Post Combustion Carbon Capture and Segregation System will be put in place.

Soil

Erosion, loss of organic matter, compaction, salinization, landslides, contamination, sealing... Soil degradation is accelerating, having negative effects on human health, natural ecosystems and climate change.

Romelectro is, at the time being, the only company in România that can offer complete solutions for ash and slag removal by the dense slurry system. Compared with a traditional sluice system, a dense slurry system can significantly reduce the amount of water required for transport. More, by specific chemical mechanisms, the slurry will solidify, leaving no water to be retained and allowing the creation of new soil.

Water

Protection of water resources, of fresh and salt water ecosystems and of the water we drink is one of the cornerstones of environmental protection in Europe. The stakes are high, the issues transcend national boundaries and a concerted action is necessary to ensure an effective protection.



Efficient Generation to Supply Electricity and Heat at Competitive Prices

projects for sustainable development

We lease our success on the strategic partnership we create with our clients and other stakeholders - banks, investors, fuel traders, local and governmental authorities, complementary with our core activities and complex role in the project...

Facing the lack of efficiency of the power and heat generation systems in România, Romelectro aims to develop clean and high efficiency combined heat and power solutions, both for industrial consumers as for municipalities. Offering a wide range of services, from technical and commercial consultancy to procurement and erection works, we managed to develop turnkey solutions in order to supply sustainable electricity and heat at competitive prices.

In the same line of business, looking for continuous improvement and innovation, we are trying to overcome the classic barriers and to focus on the clients' needs, by the "generation inside the fence" principle. Also, we are considering the insufficiently used potential of renewable energy - such as biomass and waste - to generate environmental friendly energy.

Our clients:

- Medium and large industry, ready to develop sustainable and efficient generation sources for the internal consumption
- Clients open to optimize their fuel consumption and energy costs
- Municipalities in need of energy services delivered to house-hold consumers in the best commercial conditions

Engineering and design

Romelectro is able to take advantage of many synergies within our group. This allows more complex energy solutions, more competitive conditions and a continuous exchange of people and know-how.

At group level, Romelectro is proud with the engineering capacity and expertise developed and proved by our activities in the field:

- Design and engineering for more than 15,000 MW installed in the Thermal Power Plants or Combined Heat and Power Plants, firing fossil fuels
- Consulting, basic and detail engineering for upgrading and retrofitting programs for more than 20% of the generation capacities
- More than 250 district heating systems supplying 2.5 million conventional flats, covering 16,500 km of transport and distribution networks

Project developer and potential investor

We are offering our services to clients in order to assist them in finding the best technical and commercial solutions. Our goal is to draw feasible projects, in line with the clients' actual needs. And for us, the feasibility is measured from a technical, commercial and legal perspective.

We are also ready to support the clients in attracting the needed financing by creating sustainable commercial project diagrams, in accordance with the investors' requirements.

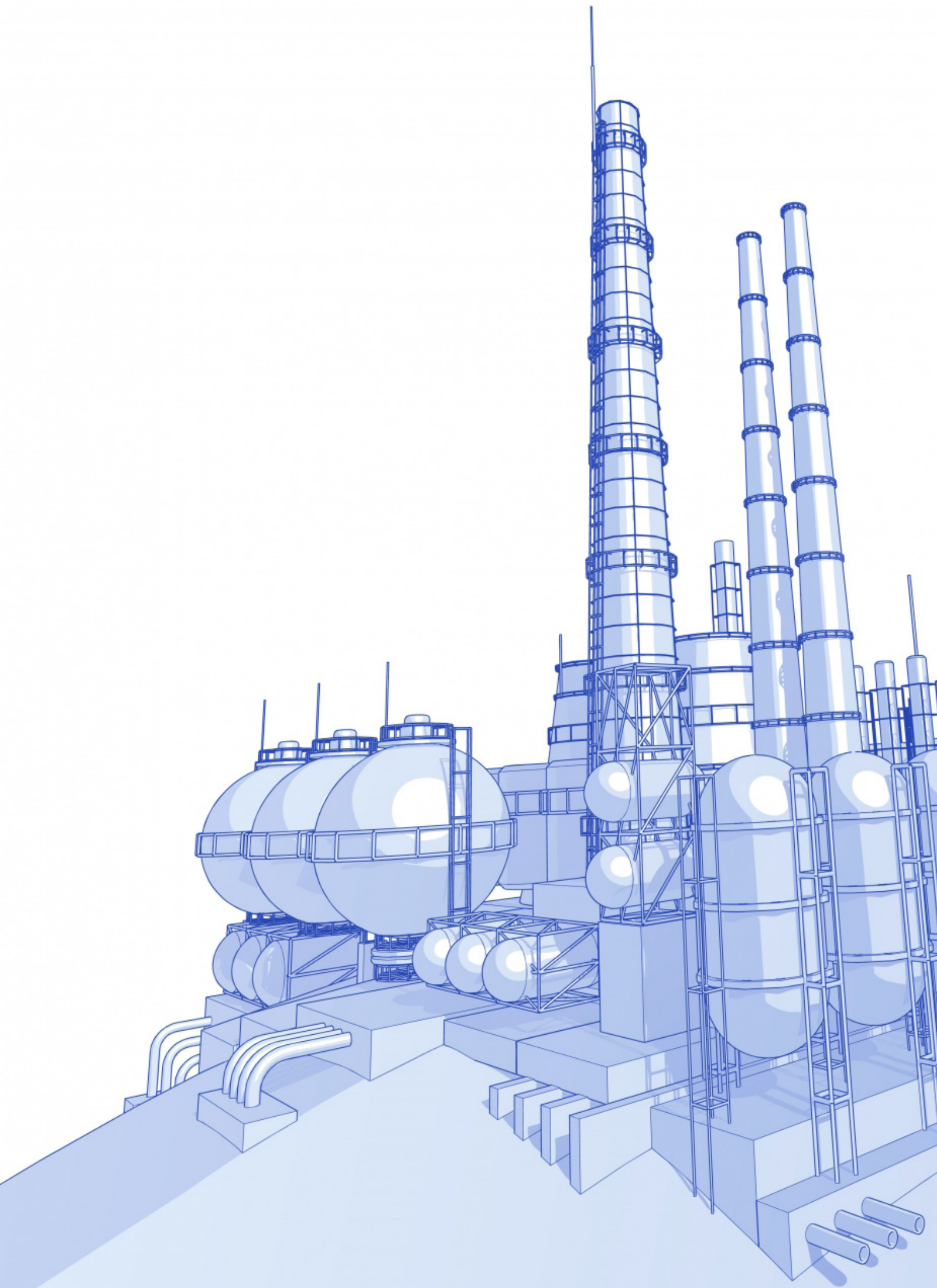
Electricity trading

As one of the pioneers in electricity trading, Romelectro can combine physical supply, access to the network and financial instruments, enabling it to offer innovative products and services. Our trading activities make possible the optimization of each project on the market, by purchasing fuel and selling electricity in optimum conditions.





Recent Projects



Recent References

high efficiency and flexible solutions

Cogeneration plant in Buzău City

Using high efficiency technology, the project consists in transforming the existing power plant into a modern CHP power plant that will generate, in the best technical and economical conditions, both heat for urban consumption as well as electricity to be sold on the energy market. Started in December 2007, the new generation capacity consists in a 6 MW gas motor unit and a 60 Gcal/h hot water boiler. Estimated date of commissioning is December 2008. Through its complex role in the project - investor, project developer and electricity offtaker - Romelectro in ensuring the best technical and economical solutions which are essential for the financial closure of the project.

Services offered

- Basic and detail engineering
- Project management
- Technical assistance upon execution, construction and commissioning
- Procurement, delivery and commissioning of equipment and subassemblies
- Commercial and legal counseling

Partnership

- Local Council of Buzău Municipality - client
- Romelectro, Ispe, Eximprod - investors and project developers
- GE Jenbacher (Austria), Aalborg Engineering (Slovakia) - equipment and subassemblies manufacturers
- Regia Autonomă Municipală (RAM) Buzău, with technical assistance offered by the manufacturer - contractor for operation and maintenance

Refurbishment of CHP Progresu - Boiler no. 2

By replacing the existing firing system with reduced NOx burners, CHPP Progresu will comply to the environmental requirements of the legislation in force. The operational performances after the execution of the project will provide NOx emissions of 170 mg/NM3 for gas operations and of 370 mg/NM3 for fuel oil operations - which are below the environmental limits required by the European regulations (i.e. 200 and 400 NOx mg/NM3). The rehabilitation works started in February 2007 and were completed in October 2007.

Services offered

- Basic and detail engineering
- Project management
- Maintenance, refurbishing and modernization works
- Technical assistance upon execution, construction and commissioning
- Procurement, delivery and commissioning of equipment and subassemblies

Partnership

- The project was executed in a joint cooperation with Mehldau & Steinfath, Romelectro being the consortium leader.
- Sucursala Electrocentrale București - client
- ISPE, ICPET - engineering
- Energomontaj IEA - construction and assembly works
- Emerson Process Management - equipment and subassemblies manufacturer



Minimizing the environmental impact of SE Craiova II through the implementation of a dense slurry system

Romelectro is the first company in România which has the engineering and technical solutions to implement modern ash and slag discharging systems. Our engineers in București and Timișoara are developing innovative and ecological solutions for sustainable administration of the environmental issues.

Considering the immediate need to comply with UE regulations, the ash and slag deposit in SE Craiova II should observe the environmental requirements regarding soil, underground waters and air pollution.

Started in October 2007 and estimated completion in year 2009, the project consists in:

New Bagger pump station:

Replacing the current Bagger pumps with reduced size and parameter pumps, provided with frequency converters and automatic control of their charge; the slag is conveyed to a thickener with the purpose of providing an optimum slag and water ratio; from here on, the slag is directed to a mixer where the dense slurry is prepared.

New dry ash discharge system:

The ash resulting from all the four fields of the electric filters, from the rotating air preheaters and the cold furnace is taken over by a pneumatic system and conveyed to the ash silos, from where it is dozed in the mixer; in a future investment, the slurry coming from the flue gas desulphurization plant will be directed in the mixer as well. The main purpose of the mixers is to provide an optimum concentration of the slurry.

New dense slurry pump station:

The dense slurry pumps represent the main equipment of the investment; the station will be provided with three piston pumps, with dense slurry as operating agent and operating parameters and with the scope of circulating the dense slurry to the deposit, over a 6 km distance.

New compressor station:

A compressed air station will be built to provide compressed air, both technological and instrumental, provided with five fully automatic compressors and four compressed air cylinders.

Services offered

- Basic and detail engineering
- Maintenance, refurbishing and modernization works
- Procurement, delivery and commissioning of equipment and subassemblies
- Technical assistance during execution and commissioning

Partnership

- Complexul Energetic Craiova - client
- EGI (Hungary) - equipment engineering and supply
- SAEM - construction and erection works
- ISPE - engineering

Feasibility studies for the Ramdane, Djamel and Zaouia dams - Algeria

Through a contract signed with the National Dam Agency of Algeria following an international tender, Romelectro was entitled to develop the feasibility studies for Ramdane, Djamel and Zaouia Dams.

Pursuant to the provisions of the Book of Special Requirements, the services provided in the following 5 missions were achieved:

- Mission 1 - Definition of alternatives and acknowledgement program
- Mission 2 - Hydrological study
- Mission 3 - Geologic and geotechnical study
- Mission 4 - Technical-economic study of alternatives
- Mission 5 - Feasibility study and offer appeal file

Services offered

- Technical consultancy, including technical expertise and trials
- Financial consultancy

Partnership

- Agence Nationale des Barrages et Transfert (ANBT) - Client
- ISPH - București



Recent References

Hydro - planning of Jiu river

Through an EPC Contract, Romelectro is involved in major hydro-planning works, including three hydro power plants on Jiu Canyon, Bumbesti - Livezeni Sector.

Dumitra HPP is located on the right bank of the Jiu River will be equipped with 3 Francis vertical axis turbines, having an overall hydraulic capacity of 36 m³/s, and an installed power of 24.5 MW.

Bumbesti MPP, located on the right bank of the Jiu River and equipped with 3 Francis vertical axis turbines, having a hydraulic capacity of 36 m³/s and a maximum power of 54 MW. It is the second plant located upstream.

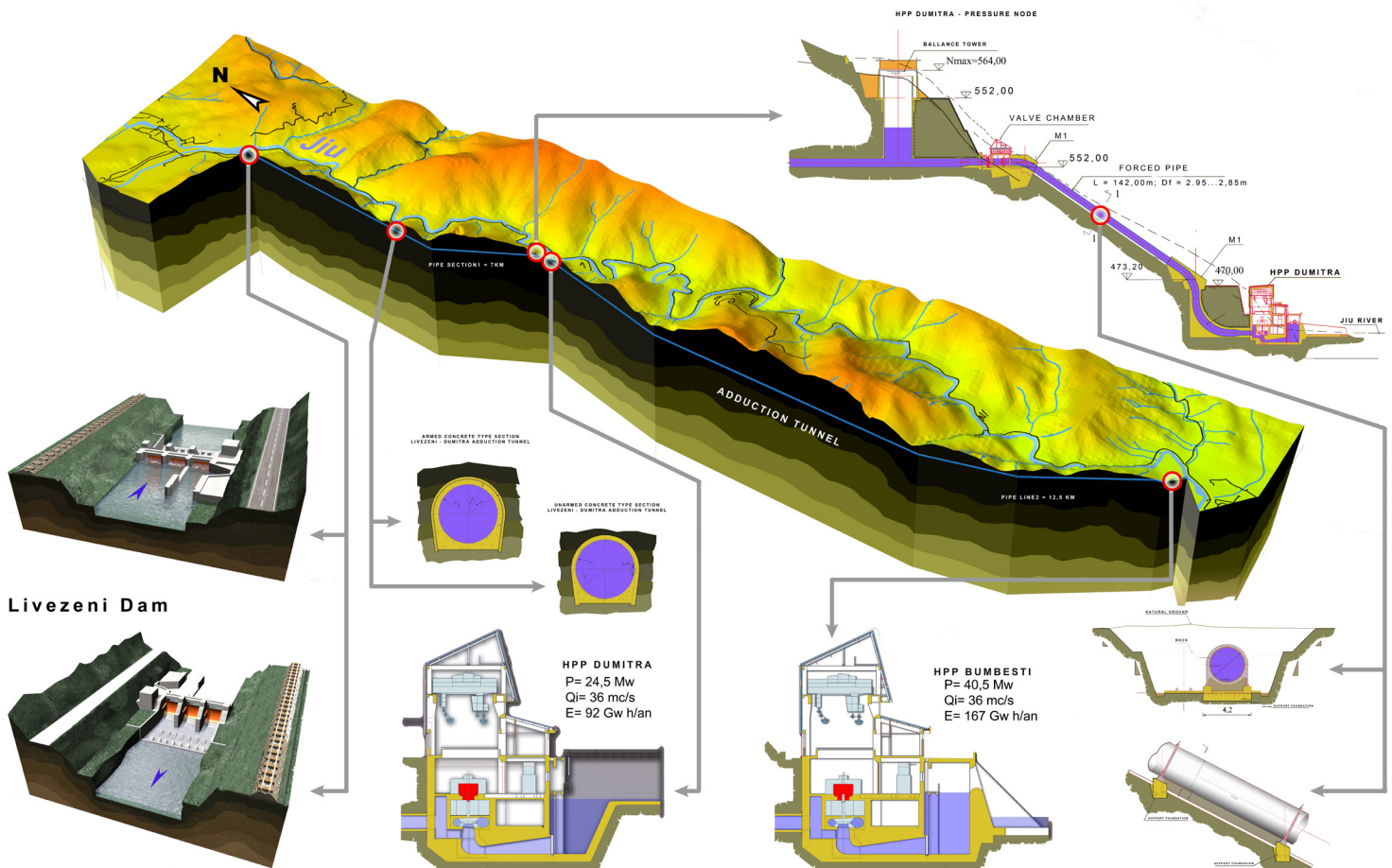
Livezeni HPP is located on the technological platform adjacent to the dam and the water catch and will be operated around the clock, regardless of the operation regime of the two plants in the working plan, in order to ensure the return flow in the Jiu River bed. The HPP will be equipped with a helicoidally tubular hydraulic turbine, with a maximum net fall of 10.00 m, a minimum fall of 7.00 m, a rated flow of 2.7 m³/s and a maximum power of 260 kW.

Schedule

- Date of commencement: July 2004
- Date of commissioning: February 2010

Partnership

- Joint Ventures Contract – procurer, turnkey, as a result of the awarding following an international tender
- Hidroconstrucția - partener in asociatie, antreprenor specialitate pentru partea de constructii
- ISPH - proiectant



Retrofitting the 400/110 kV Braşov, Dârste, Domneşti, Medgidia Sud, Pelicanu, Tulcea Vest, Smârdan and Drăgăneşti Olt substations

Modernizing the above mentioned power substations is executed by providing the 400/110 kV transformer bays with modern numerical protection systems and the 110 kV part with a modern numerical busbar protection system. In the Tulcea Vest, Smârdan and Medgidia substations, 15 current transformers that no longer conform to the requirements of the busbar protection system were replaced, the new ones communicating on redundant optic fibre architecture.

Results to be achieved:

- Increasing the operational safety of the national power grid
- Ease in extending the stations with new bays for all voltages
- Increase of the operational safety, following the reducing of the risk against damages upon handling
- Reducing the number of supervisory and maintenance personnel
- Possibility of integrating remote control of the stations on all controller levels (distribution, territorial and national)
- Providing protection for the supervisory and maintenance personnel

Services offered

- Project management
- Basic and detail engineering
- Technical consultancy, including technical expertise and trials
- Technical assistance during procurement, erection and commissioning
- Procurement, delivery and commissioning of equipment and subassemblies

Partnership

- Transelectrica - client
- ISPE - engineering and design
- Smart - erection, tests and commissioning
- DACOM (General Electric), Eneroptim (ZIV) - equipment manufacturers

Overhaul and modernization of 110 kv and 220 kv bays, 220/110/20/6 kV FAI substation

The substation has the following functions within the area:

- Constitutes a power injection node from the transport grid into the distribution grid of Iaşi Municipality; the 110 kV substation represents the basic node for distribution to the consumers of the power coming from the transport grid and local sources (CHP1 and CHP2 Iaşi)
- Together with the 220/110 kV substation Munteni, it represents the only supply sources for the area between Iaşi, Bârlad and Paşcani
- Represents a supply source for Suceava – Botoşani area
- Provides export of 30-50 MW power towards the Republic of Moldavia

Services offered

- Project management
- Basic and detail engineering
- Technical consultancy, including technical expertise and trials
- Technical assistance during procurement, erection and commissioning
- Procurement, delivery and commissioning of equipment and subassemblies

Partnership

- Romelectro contracted the work as consortium leader in Romelectro – AREVA GmbH Dresda Consortium
- Transelectrica, Bacău Subsidiary - client
- ISPE - engineering and design
- AREVA GmbH - equipment manufacturer
- Energomontaj - erection, tests and commissioning

Recent References

220 kv Brazi Vest - Târgoviște OHTL overhaul

The project consists in overhaul of 220 kv Brazi Vest - Târgoviște OHTL and provides the following categories of works:

Works on the OHTL towers:

- Mounting new towers in line
- Repairs of the foundations and towers
- Mounting stairway steps
- Completion of profiles
- Mounting indicating and warning signs
- Anti-corrosive protection works on the towers

Works on the conductors:

- Replacement of vibration dampers and spacers
- Replacement of clamps and fittings
- Mounting/completion of protection conductor
- Retreat of the conductors to the arrow

Services offered

- Project management
- Technical assistance during procurement, erection and commissioning
- Delivery, construction and commissioning of equipment, subassemblies and plants
- Maintenance, refurbishing and modernization works

Schedule

- Date of commencement: 25.10.2004
- Date of commissioning: 10.10.2007

Partnership

- Romelectro acts as contractor and sole signatory of the contract with the beneficiary
- Transelectrica - client
- Electromontaj Carpați Sibiu - erection, tests and commissioning

Modernization of primary equipment in 110/20 kv substation Petrila

The modernization of Petrila substation consists in: dismantling the existing equipment, execution of civil engineering works - equipment foundations (switches, 110 kv current transformer and dischargers), including environmental protection, mounting of primary equipment in the 110 kv substation, tests and commissioning.

Services offered

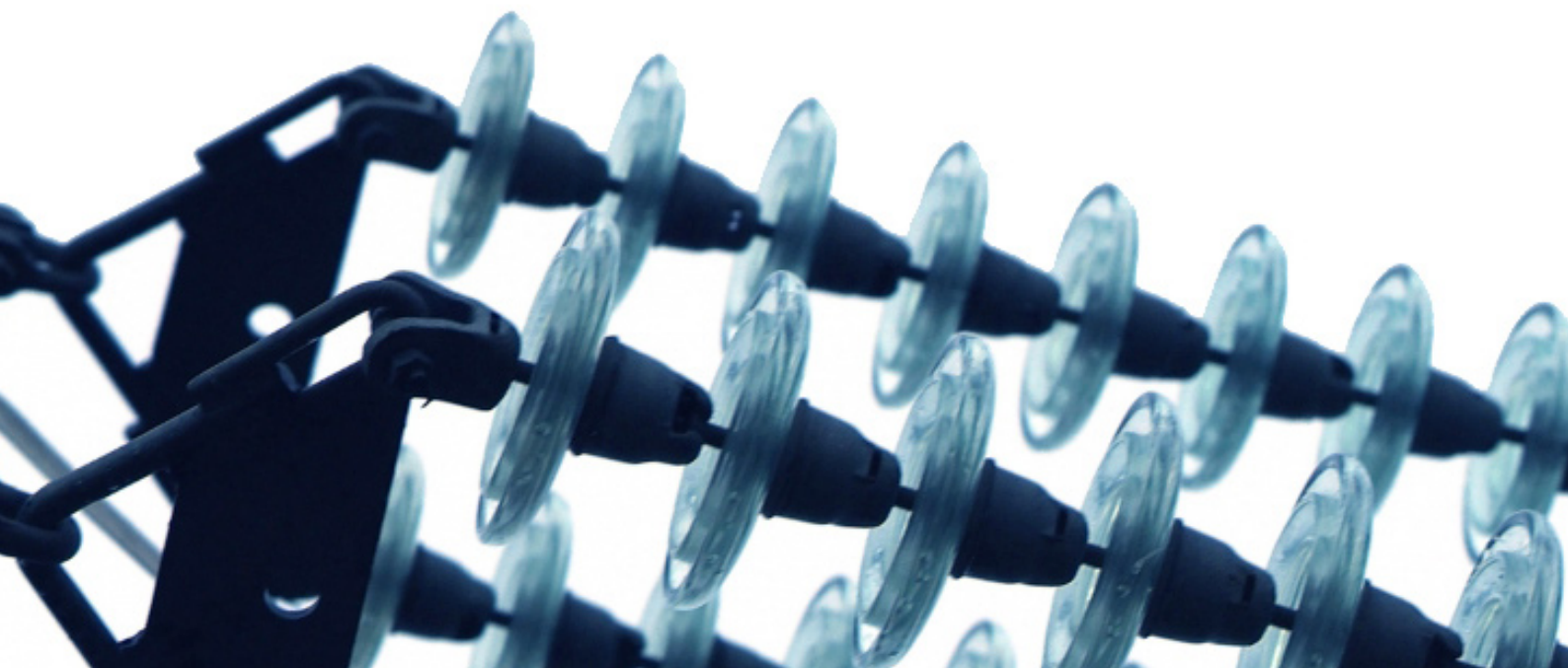
- Project management
- Basic and detail engineering
- Technical consultancy, including technical expertise and trials
- Technical assistance during procurement, erection and commissioning
- Procurement, delivery and commissioning of equipment and subassemblies

Schedule

- Date of commencement: 22.03.2007
- Date of completion: 22.10.2007
- Date of commissioning: 31.10.2007

Partnership

- Romelectro acts as general contractor and sole signatory of the contract with the beneficiary
- ENEL Banat, Timișoara Subsidiary - client
- PFIFFNER, Tridelta - equipment manufacturers
- Electromontaj Carpați Sibiu - erection, tests and commissioning



Turnkey modernization of the 110/10 (20) kv substation in București Centru

București Centru substation provides electricity to all consumers (industrial, household and tertiary), including public transportation in the central area of București Municipality.

The substation was provided with modern, hi-tech and highly reliable primary and secondary equipment and station management (digital remote protections) from the controller.

Services offered

- Project management
- Basic and detail engineering
- Technical assistance during procurement, erection and commissioning
- Delivery, construction and commissioning of equipment, subassemblies and plants
- Maintenance, refurbishing and modernization works

Schedule

- Date of commencement: 22.04.2005
- Date of completion: 12.12.2007

Partnership

- Romelectro acts as general contractor and sole signatory of the contract with the beneficiary
- Electrica Muntenia Sud - client
- Areva Energietechnik GmbH - primary and secondary equipment manufacturer
- Energomontaj - erection, tests and commissioning

Modernization of the 110/20 kv Dumbrava Sibiu substation

The existing substation 1 x 25 MVA; 110/20 kV in Dumbrava is the basic source for supplying household and industrial consumers with electricity in the Hipodrom area, Rășinari and Păltiniș Resort, the substation being double connected through 110 kV Aeroport OHTL and 110 kV Sadu V OHTL.

The substation is rehabilitated with modern, hi-tech, highly reliable primary and secondary equipment, and remotely station management (digital remote controls) from the controller.

Services offered

- Project management
- Basic and detail engineering
- Technical assistance during procurement, erection and commissioning
- Delivery, construction and commissioning of equipment, subassemblies and plants
- Maintenance, refurbishing and modernization works

Schedule

- Date of commencement: 22.03.2007
- Date of completion: 30.03.2008

Partnership

- Electrica Transilvania Sud, Sibiu subsidiary - client
- Romelectro - general contractor
- ISPE - engineering and design
- Areva T&D - primary and secondary equipment manufacturer
- Electromontaj Carpați Sibiu - erection, tests and commissioning

Financial Report 2007

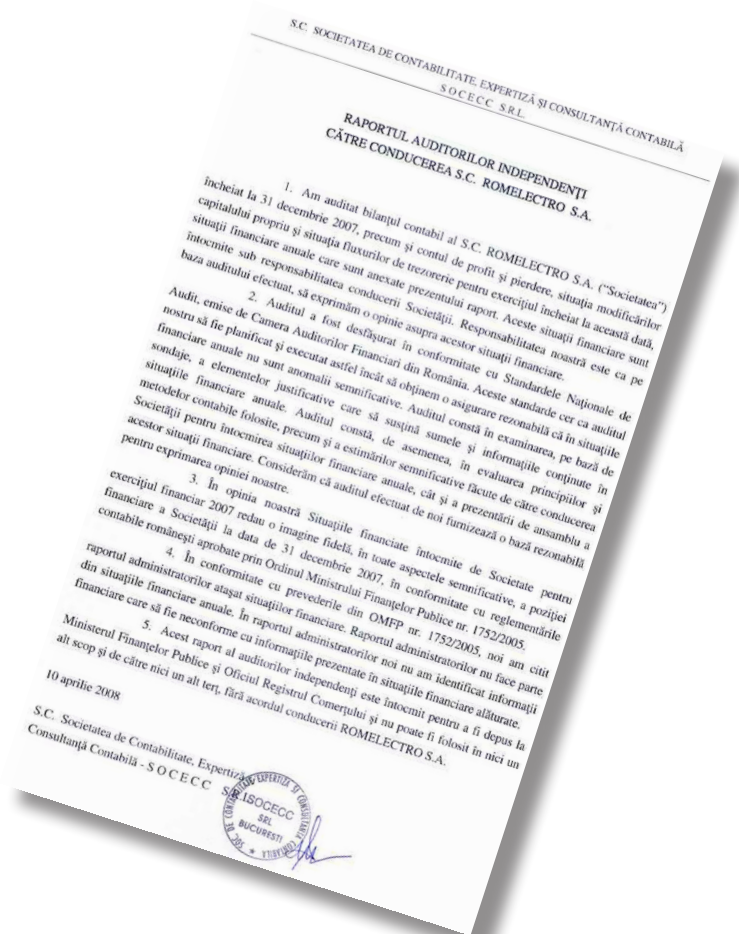


Independent auditor's report

1. We audited the accounting balance sheet of the company S.C. Romelectro S.A. drawn up at the 31st of December 2007, as well as the profit and loss account, the registered capital updating, the treasury's flow and annual financial analysis. The annual financial statements are drawn up under the company's responsibility. Our task is to formulate our opinion regarding these statements, based on the audit already performed.
2. The audit procedure was conducted in compliance with the National Auditing Standards, issued by the Financial Auditors Chamber of România. These 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 statements, including the overall presentation of these financial situations. We believe that our audit is offering a reasonable background for expressing our point of view.
3. In our opinion, the company's financial statements for the year 2007 is offering a close image, in all significant issues, of the financial position of S.C. Romelectro S.A. at 31st of December 2007 according to the accounting regulation approved by the Ministry of Public Finance Order no. 1752/2005.
4. In compliance with the MPFO no. 1752/2005 regulation, we have read the Administrator's Report attached to the financial statements. The Administrator's Report is not included in the annual financial statements. We identified no discrepancy between the financial information provided in this Report and those from the attached financial situations.
5. 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.

10th of April 2008

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



Financial Highlights

Key figures

Turnover (RON)	364.677.927
Export (RON)	73.966.014
Nominal capital (RON)	15.650.640
Employees, average no.	79
Gross profit (RON)	15.167.998
Net profit (RON)	12.898.142
Incomes profitability rate, %	4.09
Expenses profitability rate, %	4,27
Dividends per share (RON)	130

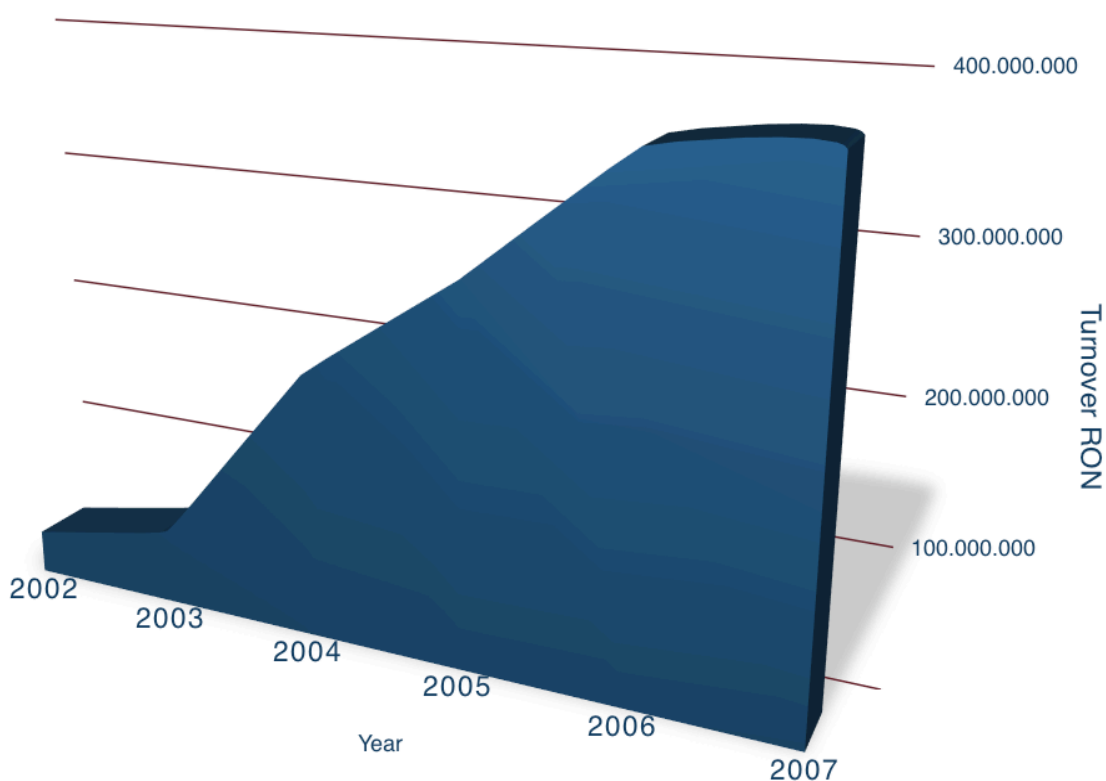
Consolidated Profit and Loss Account

	RON
Operating income	368.262.821
Financial income (exchange rate differences, interests)	1.867.067
Total income	370.129.888
Operating expenses	352.340.667
Financial expenses	2.621.223
Total expenses	354.961.890

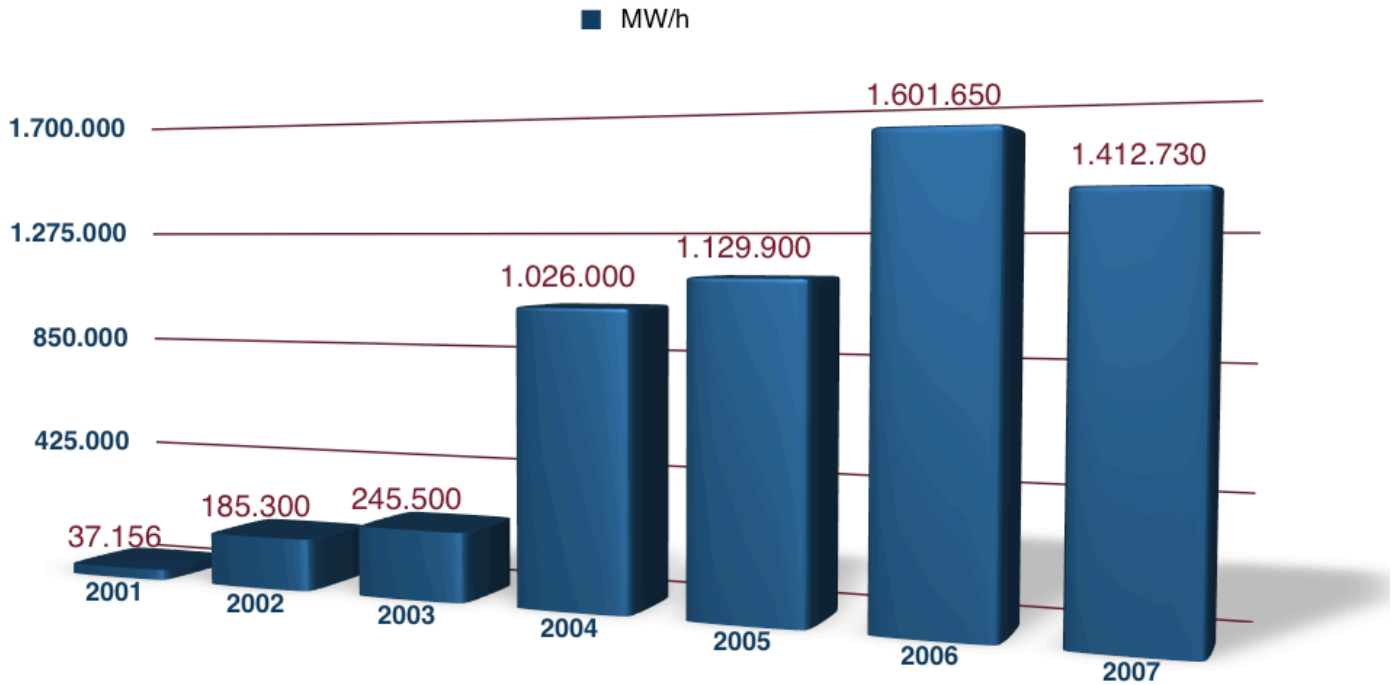
Consolidated Balance Sheets

	RON
Noncurrent assets	44.083.179
Intangible assets	67.658
Tangible assets	24.720.749
Financial assets	19.294.772
Current assets	40.929.643
Regularisation & similar account	2553
Assets Total	85.015.375
Own capital	50.071.178
Debts	32.750.027
Liabilities total	85.015.375

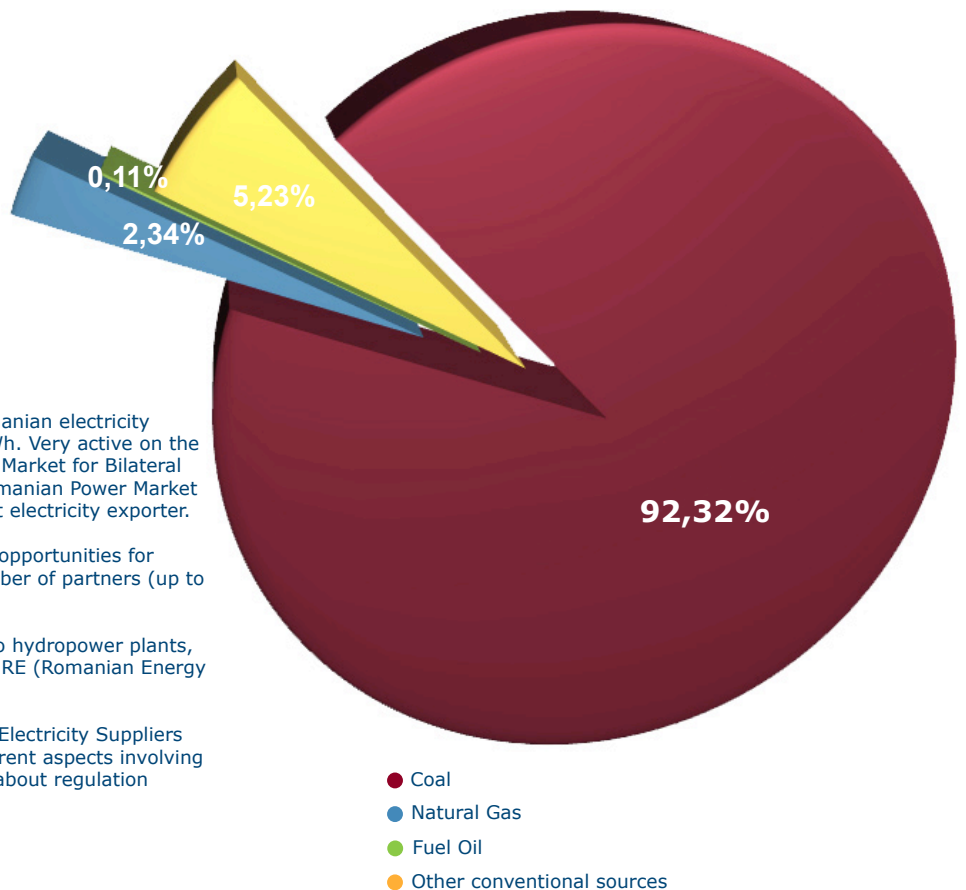
2007 (1 euro = 3.337 lei)



Electricity Trade



Evolution of the electricity trade performed by ROMELECTRO from 2001 until now.



In 2007 Romelectro was a key player in the Romanian electricity market with a traded physical quantity of 1,4 TWh. Very active on the Day Ahead Market (PZU) and on the Centralized Market for Bilateral Contracts (PCCB), both operated by OPCOM (Romanian Power Market Operator), Romelectro was also a very important electricity exporter.

The year 2007 opened the way to new business opportunities for Romelectro, measured in the increase of its number of partners (up to 19) and conclusion of several EFET contracts.

Romelectro is efficiently operating its three micro hydropower plants, Voineasa 1, 2 and 3, in full compliance to the ANRE (Romanian Energy Regulatory Authority) regulations.

As a founding member of AFEER (Association of Electricity Suppliers in Romania), Romelectro was very active in different aspects involving the Romanian electricity market whether it was about regulation issues or commercial problems.

Human Resources

a culture of continuous improvement -
more than just mega-watts

For over 35 years Romelectro has relied upon the professionalism, expertise and dedication of its engineers. Keeping electrical equipment at its best working parameters, erection of a transmission line or implementation of a rehabilitation program in the time span requested by the beneficiary - all deserve passion and devotion.

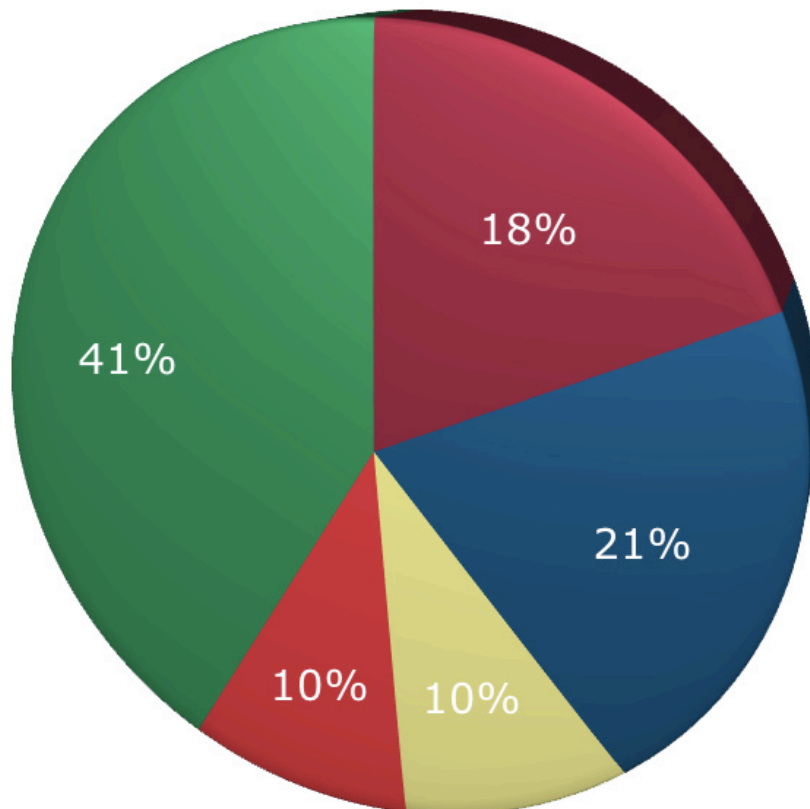
We pride in having within our group of companies the best and most renowned engineers in România, people for whom energy doesn't mean only MW, but what their whole career is all about. That is why we consider our Company's performance the result of individual as well as team performance of our employees. That is the reason why we intend to continuously develop competences and the professional skills of every employee. For us, the human capital is the most important resource.

In 2007 we have outlined our human resources policy in two very important directions: one is attracting highly skilled and qualified staff and the other is building up a young team, aged between 20 and 30 years, able to provide the continuity of our projects and of our Company.

The recruitment has been oriented to attract graduate engineers, eager to develop a succesfull career in our Company.

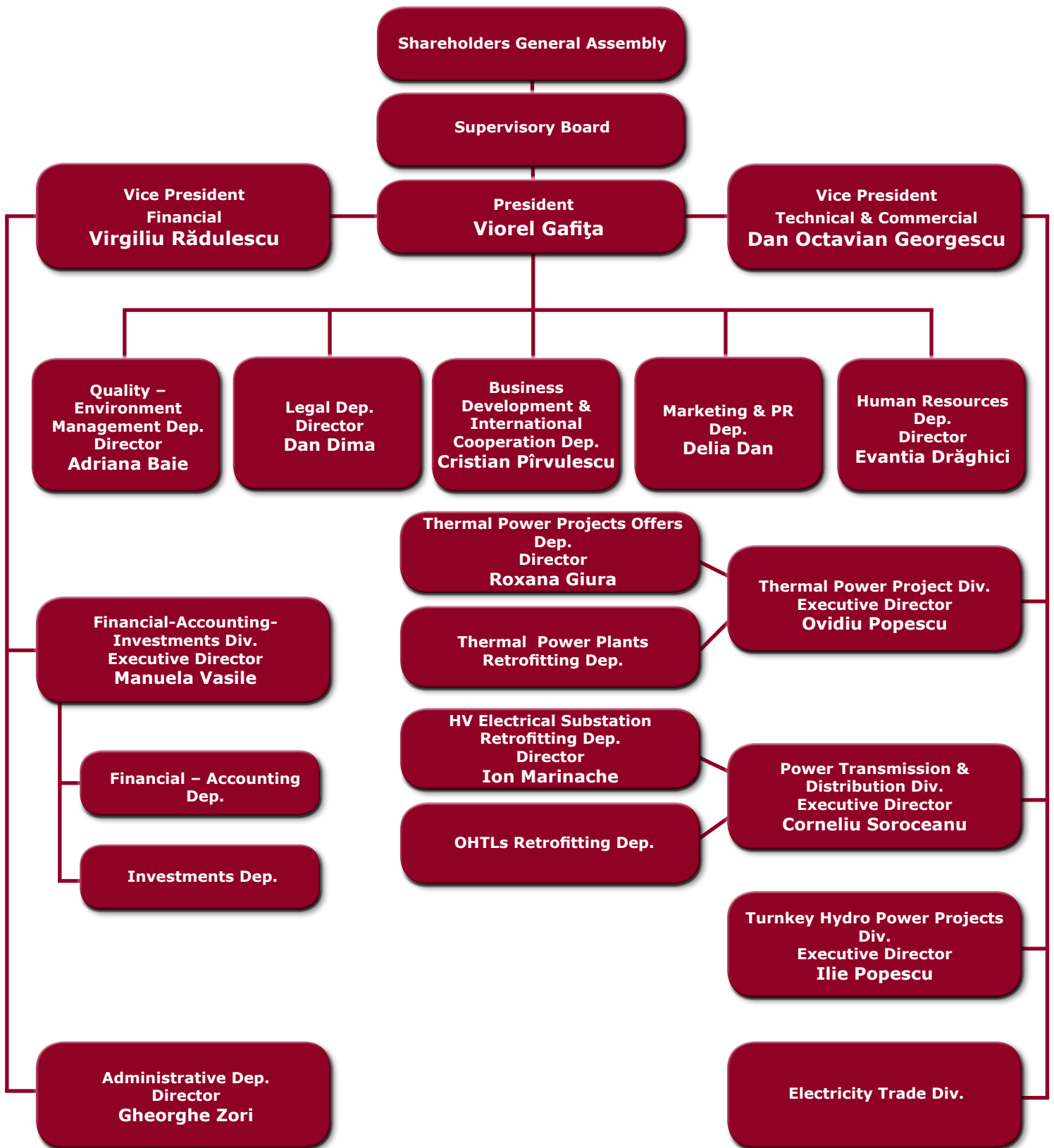
Romelectro has always relied upon certain moral values, in order to harmonize the internal relationships as well as those with our clients:

- integrity and business professionalism
- loyalty, dedication and trust
- teamwork spirit, respect for the people
- social responsibility
- flexibility and a proactive attitude



- Power T&D
- Hydro Power Projects
- Financial & Investments
- Thermal Power Projects
- Others

Company's Chart





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