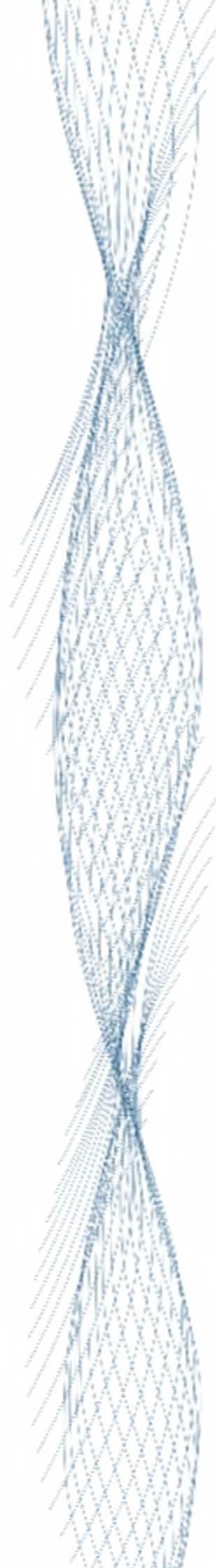




ANNUAL  
REPORT 2009



# ROMELECTRO



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*Year 2009 will probably remain in collective memory as the year when the world understood that it really needs to start changing; a year which tested almost everybody's capacity of fast reaction; a year which also validated proper proactive attitude.*

Dear Shareholders and Colleagues,

I am pleased to tell you that, looking back, I am definitely satisfied of our work together, willing to thank you for your efforts, your professionalism and your always creative thinking.

Because in a time of cuts, we kept the pace; when many stood still, we moved forward; when many were looking for fast solutions, we found the answer on how to make processes more simple and reliable; when most of the players faced the downturn of their business, we looked up harnessing the sustainable potential built through the years of work and evolution.

I am not saying it was easy for us, but this is the reason why I highly appreciate our activity and efforts. The test being taken, I think it is now clear that we managed to become, in this hard times, a pillar of stability and trust for our clients and partners. And all this, because we knew that sustainable development is not about chasing easy profits, nor immediate and short term results, but continuous development of competencies.

And yes, this year we continued to expand our competencies by enlarging our teams of experts with reputable specialists and enthusiastic young graduates. We initiated new projects in different new areas and we expanded our capabilities for environmental projects. After the successful stories of low NOx burners, we managed to become the first EPC Contractor on the Romanian market that will commission, during 2010, a unique installation for ash and slag removal, some other projects being under development. Also, we managed to build up on our competencies on flue gas desulfurization technologies, being now able to successfully approach the market with an efficient and competitive offer. The implementation of these projects makes us one of the most important Romanian EPC Contractors in the field of energy and environment, creating a sustainable line of business for our future development.

After almost 40 years of sustained activity on the electricity market, we remain true to the principles that guided our business:

- continuous diversification of our offer in order to ensure flexible and varied services;
- consolidation of our position on the market by entering into strategic partnerships;
- developing new competencies for domestic and international markets;
- uninterrupted improvement of services' quality, efficiency and reliability.

Looking above, I am glad that we saw the "value in values" and I am confident that we will manage to do this further, as we can speak now about a real organizational culture of Romelectro developed in time by our leadership teams. As our structure grew, our staff understood the common vision and they always identified the ways to be translated into reality.

However, now we have to go back into the future. A future which does not look promising on short term, but very unfriendly and even more unpredictable. It is obvious that cost restructuring, by itself alone, cannot help our company to achieve its goals. We know that the evolution of our company is connected only with the long term development of our society. This is why our goal is to strengthen our capabilities as EPC Contractor and strategic partner for energy and environmental projects; we are also developing our services in the line of energy efficiency and renewable energy generation. We need to stay devoted to our clients, with services that meet the EU regulations and support them to be competitive in a more and more strict market. Romelectro will remain a dynamic company distinguished and defined by the talent and commitment of our personnel, which year by year is consolidating our reputation.

Mr. VIOREL GAFITA  
President

**ROMELECTRO** - environmental committed project developer, investor, EPC Contractor on the energy market (power and heat generation, transmission and distribution).

**ISPE** - engineering and consulting company, national leader in the field of power and heat generation, transmission and distribution systems.

**CELPI** - a traditional steel structures, clamps and fittings designer, manufacturer and assembler, with over 50 years of experience in 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 may offer a very specialized and complex service.

**ELECTROMONTAJ CARPATI SIBIU** - erecting and assembling company, capable of ensuring commissioning services in the field of power transmission and distribution.

### OUR MISSION

Achieving our mission means delivering safe, socially responsible and competitive services that meet the expectation of our clients.

### OUR VALUES

Since the beginning, Romelectro has been governed by its core values. They shape the culture and define the character of our company. They drive our ambitions and our principles and they are fundamental to the way we work.

- Best people – continuous training programs for our employees help us to become one of the key players in the market;
- Integrity – taking responsibility for our actions;
- Passion – for what we do and for striving excellence;
- Added value creation – helping our clients to develop highly performance business by consistently delivering value;
- Openness – to change and to new ideas from our staff and clients; exploring ways to grow our business and make it better.

### TRUSTING US FOR

- Diversity of our services and products backed by one of the most competitive and complex engineering capacity on the local market;
- Flexibility of our offer to the market changes and clients' requirements;
- Availability for strategic partnerships proven by the last years projects;
- Tradition and experience, confirmed by the satisfaction of our clients from abroad and domestic markets;
- Successful selection of our partners resulted in very competitive technical and commercial solutions;
- Financial capability to carry on contracts exceeding 100 million euro.

## QUALITY MANAGEMENT

The first step in demonstrating the professional manner of acting on the internal and external energy market was the Quality Management certification.

Romelectro, as “General Contractor, Import - Export Services and Electric Energy Supplier“ was certified for “Quality Management System” in 2000, by SRAC\*\* and was re-certified in 2003, by SRAC and IQNet, on the basis of ISO 9001:2000 standard.



## QUALITY AND ENVIRONMENTAL MANAGEMENT

Having in view the complexity of the activities performed by Romelectro and the relevant implications within the projects, a second step was performed, respectively the certification for “Quality and Environmental Management”, which stands for the commitment of our company in developing complex power projects. The certifying process for this double integrated management system was completed in 2006, on the basis of ISO 9001:2000 and ISO 14001:2004 standards, issued by SRAC and IQNet.



## QUALITY, ENVIRONMENTAL, OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

In 2008, Romelectro performed a third step, respectively the implementation of a triple integrated management system - “Quality, Environmental and Occupational Health and Safety Management” - completed by SRAC and IQNet, on the basis of ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007 standards.

During 2009 was finalized the third re-certification for the triple integrated management system, on the basis of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards.



\* Quality, Environmental, Occupational Health and Safety  
\*\* Romanian Society for Quality Assurance



## Thermal Power Projects Division - Short Description

We follow the development of highly-efficient clean solutions, combining the electricity and heating, necessary to both industrial consumers and municipalities, offering a wide range of services, from technical and trade consultancy to complex turnkey works for construction, rehabilitation or modernization of existing installations.

We have succeeded in developing solutions in order to offer sustainable electricity and heating at competitive prices.

Our specialists provide technical assistance and consultancy in carrying out both our own projects and third party projects.

We provide the implementation of efficient solutions in the field of energy efficiency and environmental protection as well as in the use of renewable sources to generate clean and sustainable power.

Biomass and waste to energy are among our new major area of interest.

### Field of activity

- Turnkey works in the field of power generation and cogeneration;
- Special works for the environmental protection of power equipment and plants: NO<sub>x</sub>-reduction, flue gas desulfurization, slag and ash discharge;
- Rehabilitation and modernization works for power plants;
- Execution of plants by using renewable energy sources and waste to energy.

### Services offered within the projects

- Preliminary survey;
- System engineering, modeling and studies;
- Basic and detailed engineering;
- Technical and commercial consultancy;
- Equipment procurement;
- Site management and technical assistance;
- Construction works and supervision;
- Erection services;
- Site services and commissioning.

### Main projects in the last 5 years

- Dense slurry discharge system for increasing the stability of the ash disposal area in Valea Manastirii;
- Garla new slag and ash storage, executed by dense slurry method - works for collecting, preparing and discharge of dense fluid;
- Complete rehabilitation of 300 MW no. 6 unit in Rovinari TPP;
- Increasing the stability of the slag and ash disposal area on the right and left banks of Jiu river in Isalnita TPP, using the dense fluid technology;
- Solutions for disposal, conveyance and storage of waste resulted from the coal burning process at Turceni TPP, using the dense fluid method;
- Retrofitting 5 steam boilers in Electrocentrale Galati;
- Modernization works for the firing installations at Iernut TPP.

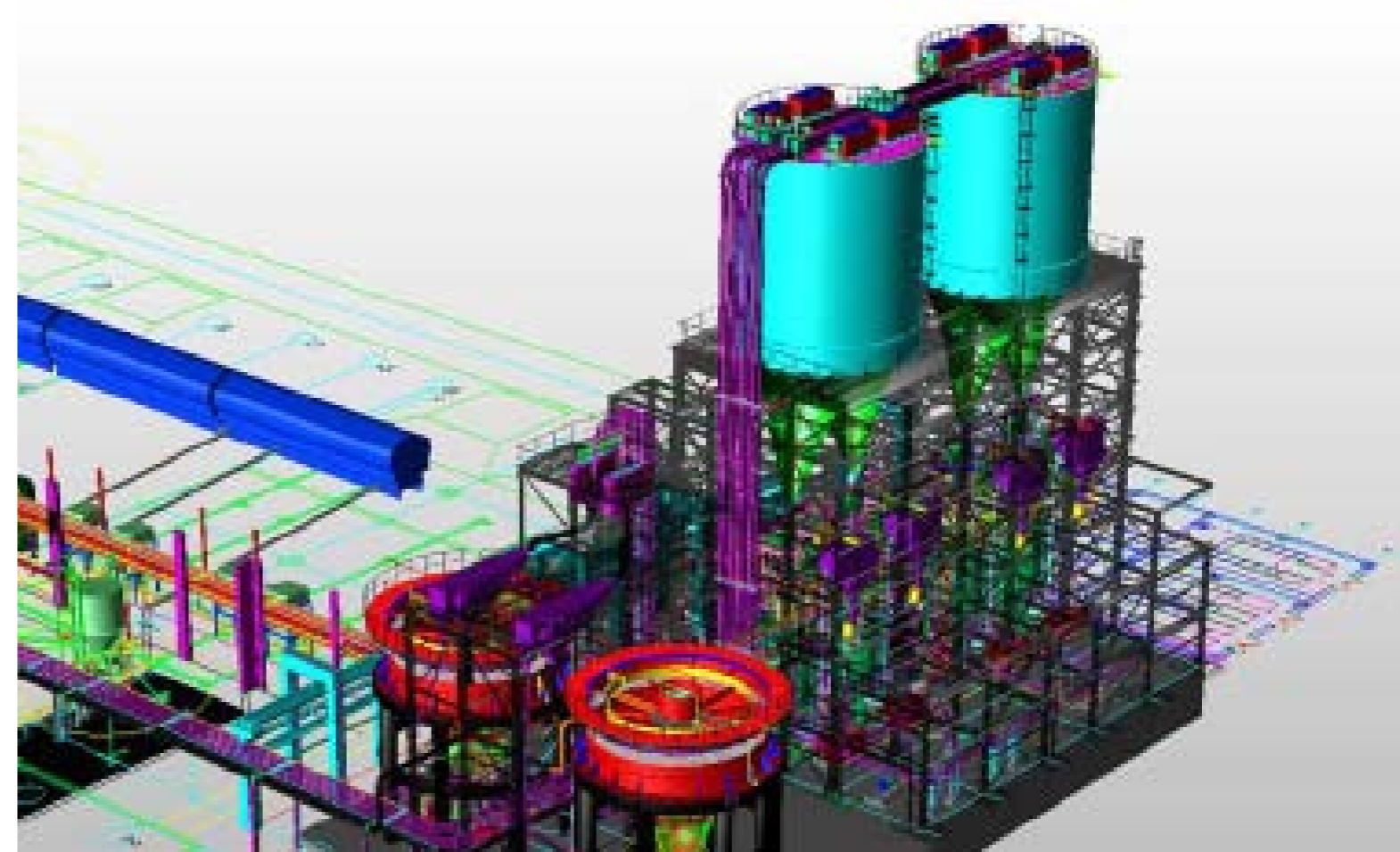
## Dense slurry ash and slag handling (collection, preparation, conveyance and storage) technology

Anticipating the need to develop an efficient solution for ash and slag collecting, conveyance and storage in Romania, Romelectro and ISPE, together with international partners, most notably EGI – Hungary, developed storage stabilizing and ecologizing methods, which have been widely accepted by most power plants in Romania. The grounds of the research were both the results and analyses carried out on ash coming from heating power plants across the country and the experience of our specialists, accumulated by designing pilot units in cooperation with some of the world's most important technology, equipment and plant suppliers.

The dense slurry technology consists in the continuous mixing of waste resulted from firing, i.e. dry ash from the electrostatic precipitator, wet slag from the Kratzer and eventually the desulfurization sub-products, with waste water, by intense hydraulic circulation, in a solid/liquid ratio  $\geq 1$ . The effect is to activate the cement-type chemical substances in the ash in order to create an homogenous dense slurry, which is pumped into the storage silo where it hardens, resulting an ash rock throughout the silo mass.

Practically, the dense slurry discharge technology not only prevents pollution of air (from flying ash), underground water and soil, but represents a stabilizing technology, transforming dangerous waste, such as ash and slag, into an inert waste, of the construction material type, such as ash rock.

Intensive hydraulic mixing of firing waste with a quantity of water less than their mass results in the dissolving of CaO and MgO, the created solution partially activating the surface of the ash particles. In this context, the introducing of the desulfurization sub-products (mostly gypsum, calcium sulfate) into the mixture has an ever useful effect – that of consolidating the rock.



## Slag and ash removal and storage using dense slurry technology in TURCENI TPP

In the Romanian Government's program of implementing the Directive 1999/31/CE regarding storage of waste and Directive 2001/80/CE regarding removal of emissions of certain pollutants into the atmosphere, a transition period for compliance is provided between 2008 - 2013, in which all the coal fired thermal power plants are included.

The new investment consists mainly of two dense slurry preparation stations, replacement of bagger pumps, dry ash transport plant, compressed air station and two stations of residual water treatment.

### Benefits deriving from the projects implementation

- no big quantities of water will be requested any longer for the hydro-mixture transport, which have engendered significant operation costs;
- no excess of water will be present in the disposal area to affect the safety, respectively the local and general stability of the storage area;
- the noxious substances included in the slag and ash disposal area which were infiltrated into the soil will be considerably reduced;
- the underground water mineralization and soil saltiness will be diminished;
- the ash powders engaged by the wind onto the disposal area dry surface will be avoided;
- the possibility of affecting the surface waters by discharging the water from the storage or the slag and ash hydro-mixture will be removed.

### Partnership

- Romelectro - EPC Contractor for procurement, construction and erection works;
- GEA EGI - equipment supplier, engineering and commissioning works for the dense slurry plant;
- ISPE - engineering and detail design;
- SAEM Energomontaj - subcontractor for mechanical and electric erection works;
- Energoconstructia - subcontractor for civil works.

### Schedule

Date of commencement: November 2009

Date of commissioning: September 2012



## Slag and ash removal and storage using dense slurry technology in ROVINARI TPP

The project is part of a number of investments to allow the client to comply with the environment protection regulations imposed by the EU directives.

The area accommodating the new warehouse has approximately 1.6 km<sup>2</sup> and the three compartments create a storage capacity of about 32 millions m<sup>3</sup>, providing the functioning of the plant for an estimated period of 15 years.

### Schedule

Date of commencement: 01.04.2008

Date of commissioning: 01.07.2009

### Partnership

- Romelectro - EPC Contractor for procurement, construction and erection works;
- GEA EGI - equipment supplier, engineering and commissioning works for the dense slurry plant;
- ISPE - engineering and detail design;
- SAEM Energomontaj - subcontractor for mechanical and electric erection works;
- Energoconstructia - subcontractor for civil works.



### Main technical characteristics

#### New Bagger pump station

The current Bagger pumps are being replaced 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 resulted from all four fields of the electric filters, from the rotating air pre heaters 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 desulfurization 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 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.

### Partnership

- Romelectro - EPC Contractor for procurement, construction and erection works;
- GEA EGI - equipment supplier, engineering and commissioning works for the dense slurry plant;
- ISPE - engineering and detail design;
- SAEM Energomontaj - subcontractor for mechanical and electric erection works.

### Schedule

Date of commencement: October 2007

Date of commissioning: 2010



### Main technical characteristics

For each of the four boilers the ash transport system is made up of the following:

- Ash transport pump transversal draft funnel, with buffer tank included, respectively a Dn80 pipeline up to the ash bunker corresponding to the boiler;
- Three-serial pump system for the transport of the ash from the draft funnels of drum 2, respectively a Dn80 pipeline, discharging the ash into the pipeline described above;
- Two coarse ash transporting pumps which overtake the ash from the bunker corresponding to the boiler and two Dn100 circuits for each pump (one toward the dense slurry station and another one toward the coarse ash dispatch silo);
- Four-serial pump system for the ash transport from the electric filter which overtakes the ash from the four diverters from the gutters, and two Dn150 circuits for each pump (one toward the dense slurry station and one toward the fine ash dispatch silo);
- Four diverters mounted on the four pneumatic gutters from the electric filters, which discharge the ash to the pneumatic transport system, respectively to the boiler ash bunker - the failure (emergency) variant;
- A Dn80 diverter, which is mounted on the junction of the two Dn 100 diverter transport circuits, providing the transport variant of the ash from the ash bunker (toward the dense slurry station or toward the dispatch silo);

- A Dn150 diverter, which provides the choosing of the transport variant of the ash coming from the ash transport pumps electric filters (toward the dense slurry station or the dispatch silo);
- Ash pneumatic transport pipes, from the P265GH steel pipeline, thermally non-insulated, mounted over-ground, on own supports, which make the connection between the transport pumps and the silos of destination;
- End parts (devices for discharge in the silo, with armor) for each pipe;
- Filters with sacks for each silo;
- Devices for loading the ash into vehicles (3 pieces), with mobile connection, that shall replace the existing devices.

### Partnership

- Romelectro - EPC Contractor for procurement, construction and erection works;
- GEA EGI - equipment supplier, engineering and commissioning works for the dense slurry plant;
- ISPE - engineering and detail design;
- SAEM Energomontaj - subcontractor for mechanical and electric erection works.

### Schedule

Date of commencement: July 2008

Date of commissioning: May 2012



## EPC Contract for low NOx burners in 5 boilers at ELECTROCENTRALE GALATI

The project consists in retrofitting 5 steam boilers of 420 t/h, with low NOx natural gas – fuel oil mixed burning installations, working under a new Burner Management System (BMS). This system shall be integrated into the automated management system to be upgraded with a DCS OVATION and HIMA protection system.

The modernized burning installations shall meet the environment requirements, at national and international levels.

### Services offered

- Basic and detail engineering;
- Technical assistance in execution, erection and commissioning;
- Monitoring of the equipment behavior in operation during the warranty period;
- Delivery, building-erection of equipment, sub-assemblies and installations;
- Maintenance, rehabilitation and modernizations.

### Estimated/operation performances

Reducing the level of noxious emissions to the following values: 150mg NOx/Nm<sup>3</sup>, 100mg CO/Nm<sup>3</sup>, 5mg dusts/Nm<sup>3</sup> for natural gas firing and 350mg NOx/Nm<sup>3</sup>, 170mg CO/Nm<sup>3</sup>, 50mg dusts/Nm<sup>3</sup> for fuel oil firing.

### Partnership

- Romelectro - EPC Contractor for procurement, construction and erection works;
- Mehldau & Steinfath - equipment and subassembly supplier;
- ICPET Steam Generators and ISPE - technical consultants;
- Nuclearmontaj and Termoserv Galati - subcontractor for construction and erection works.

### Schedule

Date of commencement: 15.03.2008

Date of commissioning: yearly for each boiler until 15.03.2012



## Modernization of the firing installations at IERNUT TPP

The works consist in the modernization of the firing installations – including design, execution and erection works - in view of equipping 4 power steam boilers of 320 t/h, with natural gas low NOx burners and integration into an automatic control and Burner Management System.

The BMS will be coupled with the existing automated management system (DCS) which will be completed with the software and hardware necessary to assure the compliance with the additional adjustment requirements resulted from the new conditions imposed by the firing installation. For the operation interface, the Experion PKS R310 system shall be used (such version represents the newest software platform of the Experion PKS systems).

### Services offered

- Basic and detail engineering;
- Technical assistance in execution, erection and commissioning;
- Monitoring of the equipment behavior in operation during the warranty period;
- Delivery, building-erection of equipment, sub-assemblies and installations;
- Maintenance, rehabilitation and modernizations.

### Estimated/operation performances

Reducing the level of noxious emissions to the following values: 170mg NOx/Nm<sup>3</sup>, 100mg CO/Nm<sup>3</sup>, 5mg dusts/Nm<sup>3</sup> in natural gas operation, for O<sub>2</sub> of 3%.

### Partnership

- Romelectro - EPC Contractor for procurement, construction and erection works;
- Mehldau & Steinfath - equipment and subassembly supplier;
- ICPET Steam Generators and ISPE - technical consultants.

### Schedule

Date of commencement: 2009

Date of commissioning: in stages 2010 - 2011







Using high efficiency technology, this modern CHP Plant is generating, in the best technical and economical conditions, both heat for urban consumption as well as electricity to be sold on the energy market. This new generation capacity consists in a 6 MW gas motor unit, a 60 Gcal/h hot water boiler and a 4 t/h steam generator.

Through its complex role in the project - investor, project developer and electricity off taker - Romelectro ensured the best technical and economical solutions which were essential for the financial closure of the project.

### Services offered

- Preliminary survey;
- System engineering, modeling and studies;
- Basic and detail engineering;
- Technical and commercial consultancy;
- Equipment procurement;
- Site management and technical assistance;
- Construction works and supervision;
- Erection services;
- Site services and commissioning.

### Partnership

- Romelectro, ISPE, Eximprod, Local Council of Buzau Municipality, Regia Autonoma Municipala (RAM) Buzau - investors and project developers;
- GE Jenbacher (Austria), LOOS International - equipment and subassemblies manufacturers;
- Regia Autonoma Municipala (RAM) Buzau - contractor for operation and maintenance.

### Schedule

Date of commencement: 2008

Date of commissioning: December 2009 - the first stage  
2010 - the second stage

Specialized in design, procurement, execution, commissioning and tests, our abilities have been proved through more than 35 years of international expertise in over 19 countries, for projects from 33 kV to 400 kV.

### Field of activity

- Design, procurement of equipment, execution and commissioning of transformer substations and overhead transmission lines;
- International experience in turn-key projects exceeding 35 years both in green field projects as well as retrofitting and rehabilitations;
- Overhead transmission lines for areas with limited access, retrofitting services using new types of insulations, OPGW, active conductors with increased load capacity. Multi-circuit towers have been designed, as well as special towers for narrow lines in crowded urban areas;
- Due to our own full load mechanical tests facility (one of the biggest in Europe), special design could be provided and tested.

### Main projects in the last 5 years

- Rehabilitation of 110/20 kV Rosiorii de Vede substation;
- New 2 x 40 MVA; 110/10 kV Bucuresti Centru substation;
- Rehabilitation of 220/110 kV Baia Mare 3 substation;
- Rehabilitation of 220/110/ kV Turnu Magurele substation;
- Rehabilitation of 110 kV CHE Ciunget substation;
- Rehabilitation of 110 kV CHE Govora substation;
- Rehabilitation of 110 kV CHE Ramnicu Valcea substation;
- Rehabilitation of trafo 250 MVA protection & PDB (bus bars) 110 kV in 8 substations of 400/110 kV;
- Rehabilitation of 220/110/20/6 kV FAI (Iasi) substation;
- Rehabilitation of 2 x 25 MVA; 110/20 kV Dumbrava Sibiu substation;
- Interconnection of the 220 KV and 400 KV OHTL Brazi CCPP to the National Power System;
- OHTL 400 kV Bucuresti Sud - Gura Ialomitei overhaul;
- OHTL 400 kV Oradea - Nadab - Bekescaba;
- 220 kV and 400 kV connections - Iernut electrical substation.

## Overhaul and modernization of 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 Iasi 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 Iasi);
- together with the 220/110 kV substation Munteni, it represents the only supply sources for the area between Iasi, Barlad and Pascani;
- represents a supply source for Suceava – Botosani area;
- provides export for 30-50 MW power towards the Republic of Moldavia.

The special status of the substation in the grid generates a strict set of conditions:

- obligation to keep the power supply without any interruption;
- strict planning of the works as permitted by the central dispatching authority;
- an extra protection system meant to guarantee the safety of the personnel involved in the works, located very close to active parts;
- proper technical solutions to enable the extensions of the substation at all three voltage levels.

### Partnership

- Romelectro contracted the work as consortium leader in Romelectro – AREVA GmbH Dresda Consortium;
- Areva GmbH - equipment manufacturer;
- Energomontaj - engineering and design; - erection, tests and commissioning.

### Schedule

Date of commencement: March 2007

Date of commissioning: June 2011



## Retrofitting the 400/110 KV Brasov, Darste, Domnesti Medgidia Sud, Pelicanu, Tulcea Vest, Smardan and Draganesti 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 bus bar protection system. In the Tulcea Vest, Smardan 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.

### Main technical characteristics

- 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.

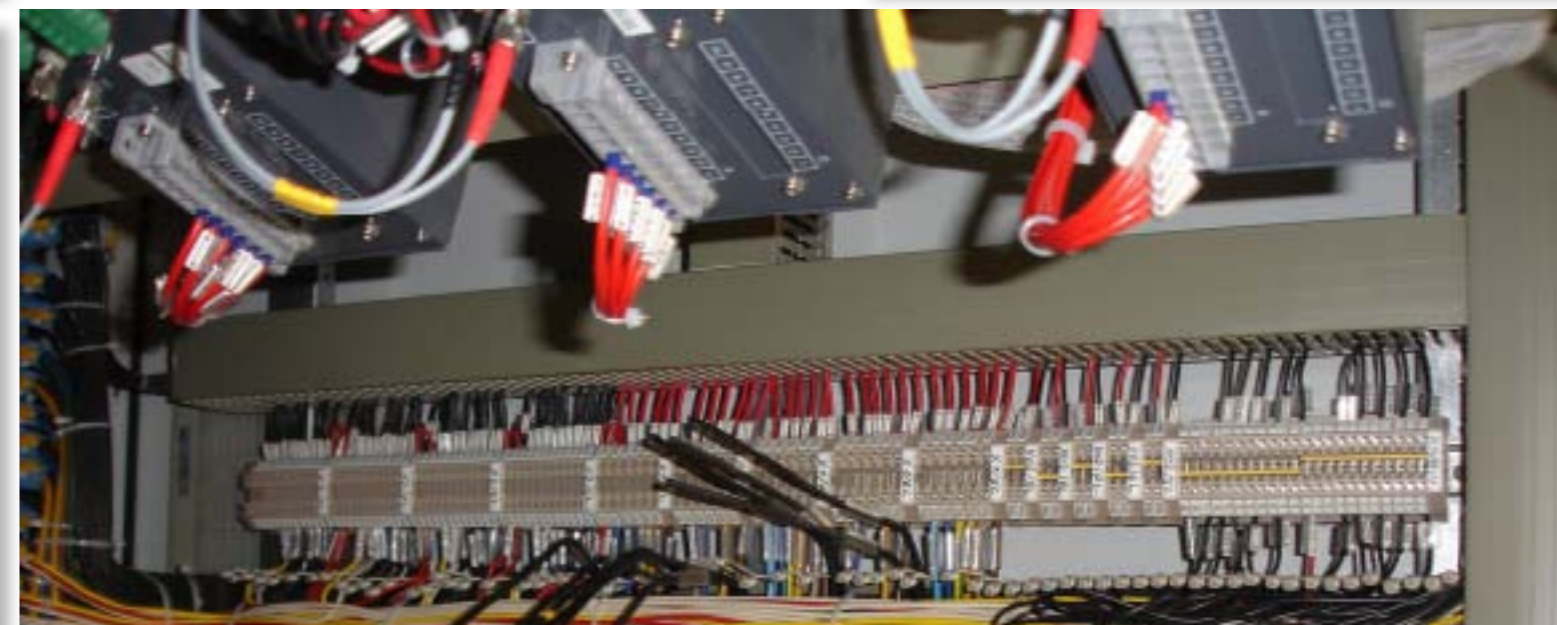
### Partnership

- Romelectro - EPC contractor;
- ISPE - engineering and design;
- Smart - erection, tests and commissioning works;
- DACOM (General Electric), Eneroptim (ZIV) - equipment manufacturers.

### Schedule

Date of commencement: December 2006

Date of commissioning: 2009



## 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, Rasinari and Paltinis 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.

### Partnership

- Romelectro - consortium leader;
- ISPE - engineering and design;
- Areva T&D - primary and secondary equipment manufacturer;
- Electromontaj Carpati Sibiu - erection, tests and commissioning.

### Schedule

Date of commencement: 22.03.2007

Date of completion: 2009



## Interconnection of 220 KV and 400 KV OHTL BRAZI CCPP to the NPS

The projects consists in design and execution works for the 220kV/400kV substation, two OHTLs for the transport of the power generated by Brazi CCPP and expansion of Brazi V substation with 3 GIS bays.

### Schedule

Date of commencement: 2008

Date of commissioning: 2011

### 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.

### Partnership

- Romelectro - subcontractor;
- OMV Brazi - beneficiary;
- Siemens - general contractor;
- Electromontaj Carpati Sibiu - erection, tests and commissioning works.



## Hydro Power Projects Division - Short Description

The Hydro Power Projects Division is specialized in surveys and projects, consultancy and execution of turnkey works in hydro-power and hydro-technical fields.

### Field of activity

- Turnkey execution of hydro-power and hydro-technical facilities.
- Surveys and projects (for all stages) in hydro field.
- Consultancy for identification and development of hydro projects.
- Project management in hydro field.
- Refurbishing of hydro generation facilities.

### Main projects in the last 5 years

- Hydro - planning works on Jiu river;
- Rehabilitation and refurbishment of Voineasa small hydro power plant.

## Hydro - planning works on JIU river

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

**Dumitra HPP**, 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 m<sup>3</sup>/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 m<sup>3</sup>/s and a maximum power of 54 MW.

**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 helicoidal 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 m<sup>3</sup>/s and a maximum power of 260 kW.

### Partnership

- Joint Ventures for EPC Contract
- Hidroconstructia - joint venture partner, contractor for civil works;
- ISPH - engineering works.

### Schedule

Date of commencement: July 2004  
Date of commissioning: February 2013



## Rehabilitation and refurbishment of the VOINEASA small hydro power plant

For the economic operation of the hydro-power potential of Manaileasa river, it is necessary to dismantle the current capacity of electric power generation and the erection on the existing location of a new capacity, by using a modern technology, based on a project conceived in such a way as to capitalize – under maximal efficiency and performance conditions - the existing potential of renewable resources.

A new activity shall be thus initiated, in compliance with the national and European strategies and policies relating to the power and environment protection, qualified for participation in the green certificate market, under conditions of optimal operation for at least 25 years of the hydro-power potential of Manaileasa river, with generation of approximately 4,000 MWh/year.

The objective is to build a power generation capacity using renewable sources, having an installed power of 1.45MW.

By performing this project, Romelectro aims at fulfilling the following objectives:

- Achieving a new electric power generation capacity of an installed power of 1.5MW, which would capitalize the hydro-power potential of Manaileasa river, on the location of the hydro-technical arrangement Voineasa I, II and III;
- Rating the activity as renewable power generation and participation thereof in green certificate market;
- Implementation of a feasible project by using the latest technologies;

- Stimulation of the local economy by providing stable working places, under increased safety and security conditions.

We bring our contribution to the essential development directions that our country approaches on the medium and long term:

- Enhancing the power quantities generated in Romania from renewable sources;
- Protecting the environment by reducing the pollutant emissions;
- Diversifying the power generation sources, the technologies and infrastructures for power generation.

### Partnership

The Ministry of Economy, Commerce and Business Environment as Intermediary organism for Energy; SC Hydro-Engineering SA Resita – electric and mechanical equipment supplier corresponding to the small hydro power plants.

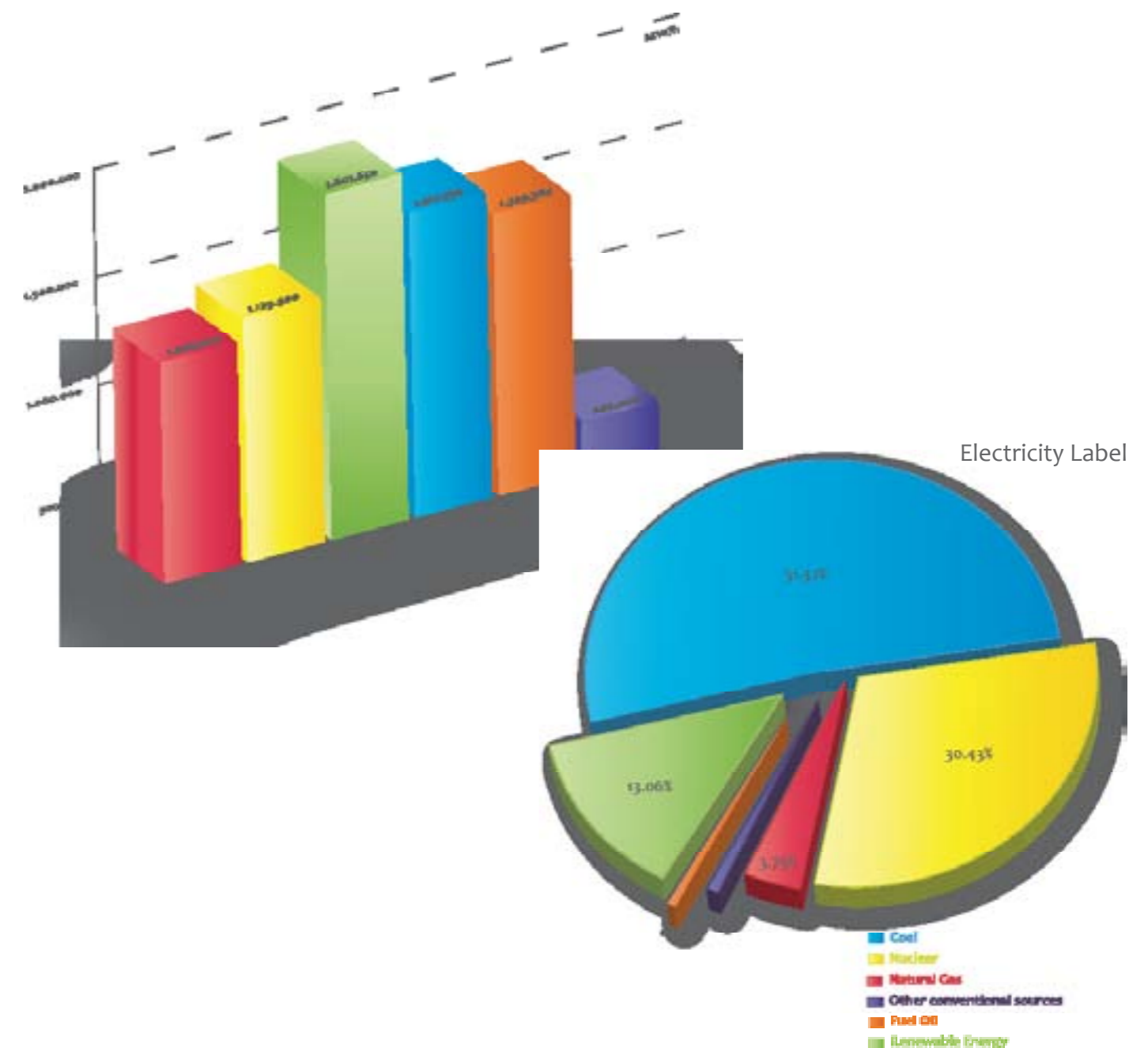
### Schedule

Date of commencement: November 2009;  
Period of project implementation: 20 months.



## ELECTRICITY TRADE

- Due to the decrease of electricity consumption in Romania and therefore of the demand, in 2009, Romelectro decreased the electricity trading activity to 240 GWh.
- Romelectro continued to be an active player in power transactions on the Day-Ahead Market and on the Bilateral Contracts Market managed by OPCOM\*.
- Romelectro operated successfully the three Small Hydro Power Plants in Voineasa I, II and III, generating 1.7 GWh of electricity. In 2009, the European structural fund financing contract was signed for refurbishing the equipment in Voineasa I, II and III. The works shall begin in the summer of 2010 and the electricity generated and supplied is forecast to double following the refurbishment.
- Romelectro, acting as shareholder of Ecogen Energy, invested in a highly-efficient combined heat and power plant in Buzau Municipality. In 2009, the plant, provided with thermal motors of 3 MW, started to operate commercially. The power plant provides the district heating service for Buzau Municipality and the electricity is supplied in the National Power Grid.



\* Romanian Power Market Operator

## REPORT OF THE INDEPENDENT AUDITORS

### Report on the Financial Statements

We have audited the accompanying financial statements of Romelectro SA (“the Company”), which comprise the balance sheet at 31st December 2009, the income statement of changes in equity and cash flow statement for the year that ended, a summary of significant accounting policies and other explanatory notes presenting the following:

Total equity and reserves:  
94.036.904 lei  
Profit for the year:  
42.207.207 lei

### Management’s Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Order of the Minister of Public Finance no. 1752/2005 and related amendments and as described in the accounting policies presented in the notes to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

### Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing as adopted by the Romanian Chamber of Financial Auditors. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been prepared, in all material respects in accordance with the Order of the Minister of Public Finance no. 1752/2005 and related amendments and, as described in the accounting policies, presented in the notes to the financial statements.

### Other Matters

This report is made solely for the Company’s shareholders, as a body. Our audit work has been undertaken so that we might state to the Company’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

The accompanying financial statements are not intended to present the financial position, results of operations and a complete set of notes to the financial statements of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements including the Order of the Minister of Public Finance no. 1752/2005 and related amendments.

### Report on conformity of the Administrators’ Report with the Financial Statements

In accordance with the Order of the Minister of Public

Finance no 1752/2005, article no. 263 point 2) we have read the Administrators’ Report. The Administrators’ Report is not a part of the financial statements. In the Administrators’ Report we have not identified any financial information which is not in accordance, in all material respects, with the information presented in the accompanying financial statements.

For and on behalf of KPMG Audit SRL:

John Lane KPMG AUDIT SRL registered with the Chamber of Financial Auditors of Romania under no 1507/2003 registered with the Chamber of Financial Auditors of Romania under no 9/2001  
Bucharest, 12 April 2010



Refer to the original signed Romanian version

**KEY FIGURES**

Turnover (RON)	510.705.467
Nominal capital (RON)	15.650.640
Employees, average no.	87
Gross profit (RON)	50.108.119
Net profit (RON)	42.207.207

**CONSOLIDATED PROFIT and LOSS ACCOUNT**

**RON**

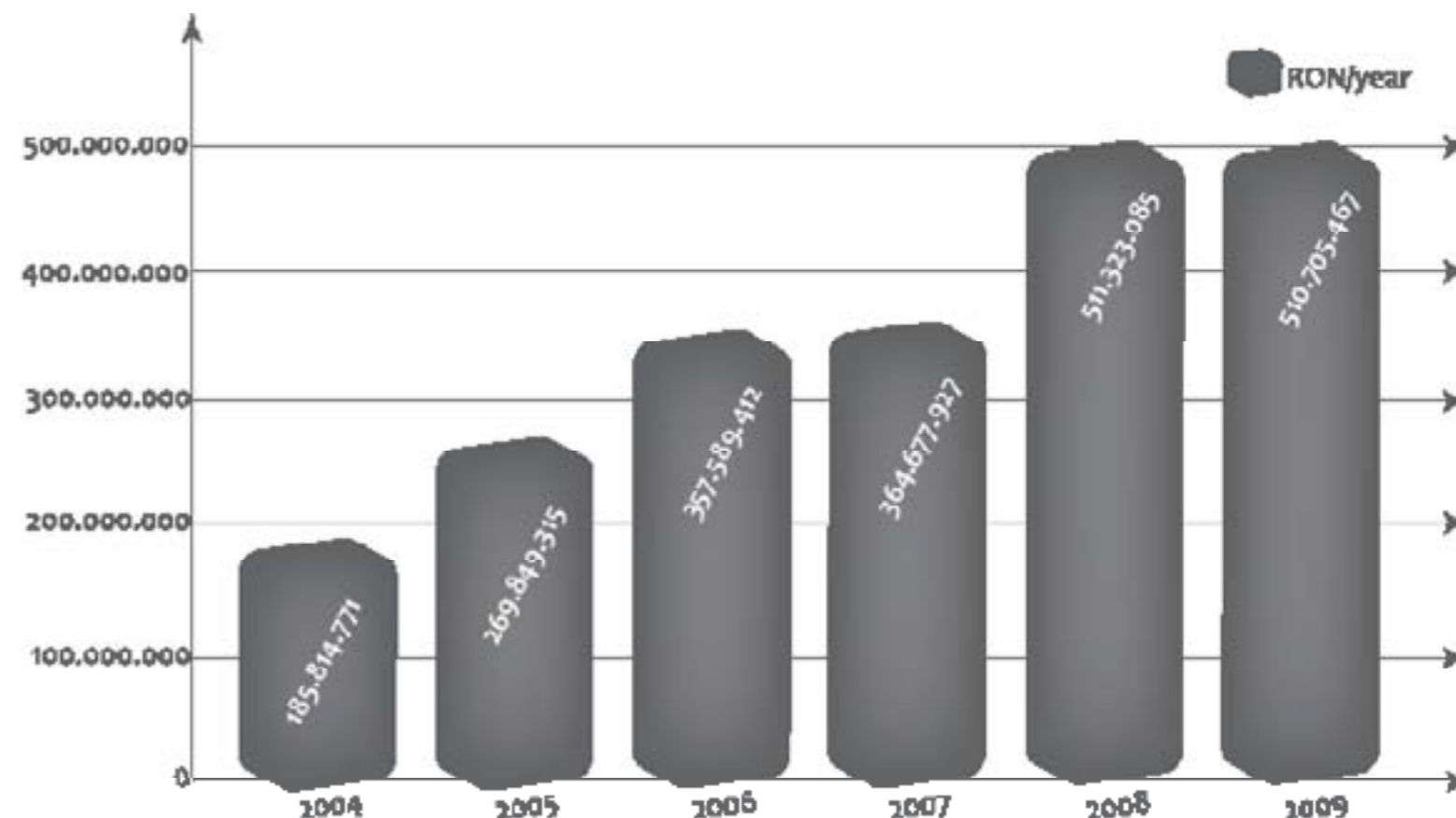
Operating income	510.714.358
Financial income (exchange rate differences, interests)	5.518.680
Total income	516.233.038
Operating expenses	460.617.793
Financial expenses	5.507.126
Total expenses	466.124.919

**CONSOLIDATED BALANCE SHEET**

**RON**

Noncurrent assets	47.171.639
Intangible assets	77.148
Tangible assets	24.259.091
Financial assets	22.835.400
Current assets	212.236.553
Regularisation & similar account	0
Assets Total	259.408.192
Own capital	94.036.904
Debts	152.367.136
Liabilities Total	259.408.192

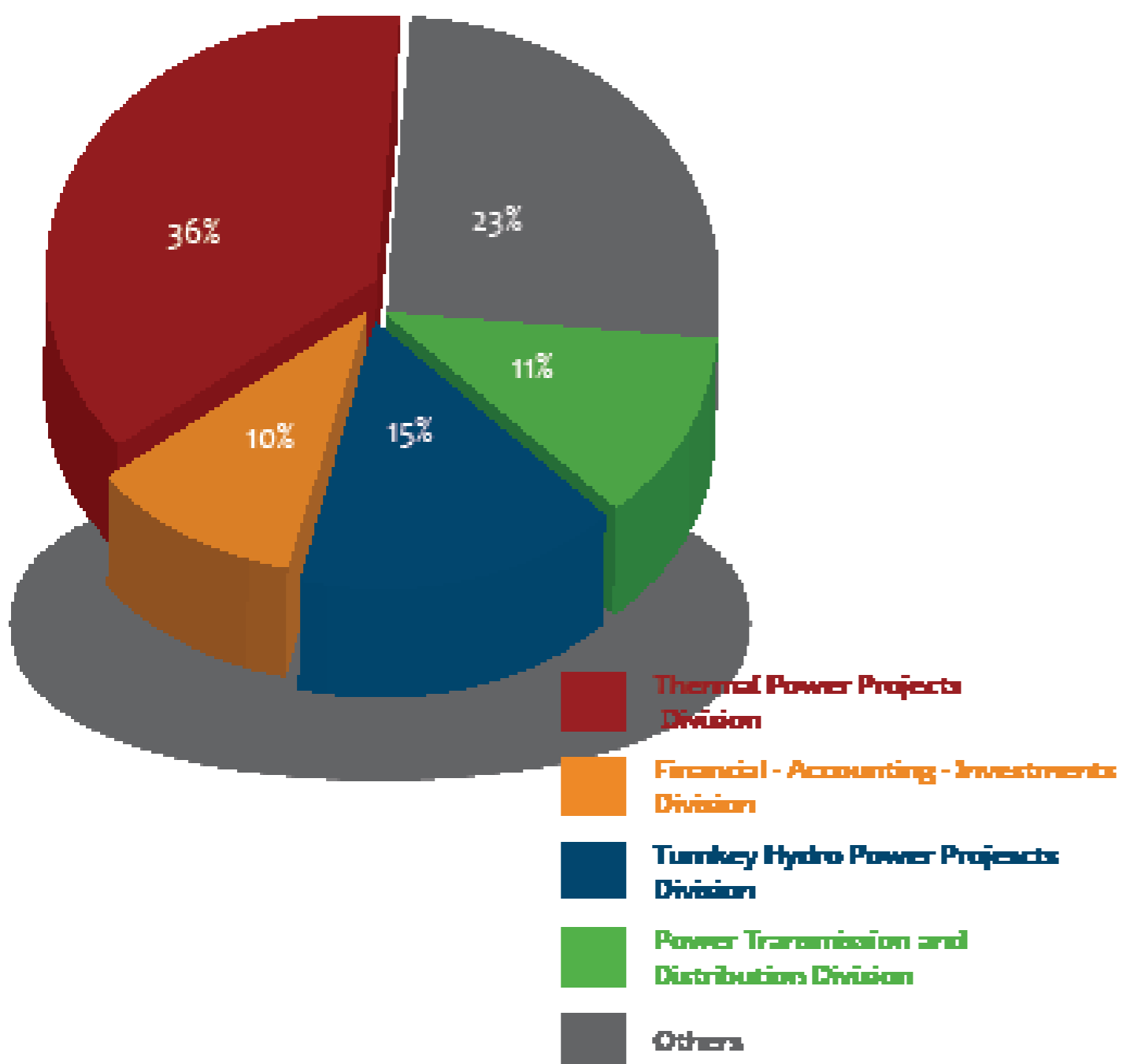
1 EUR = 4.2282 (exchange rate available at 31st of December 2009)



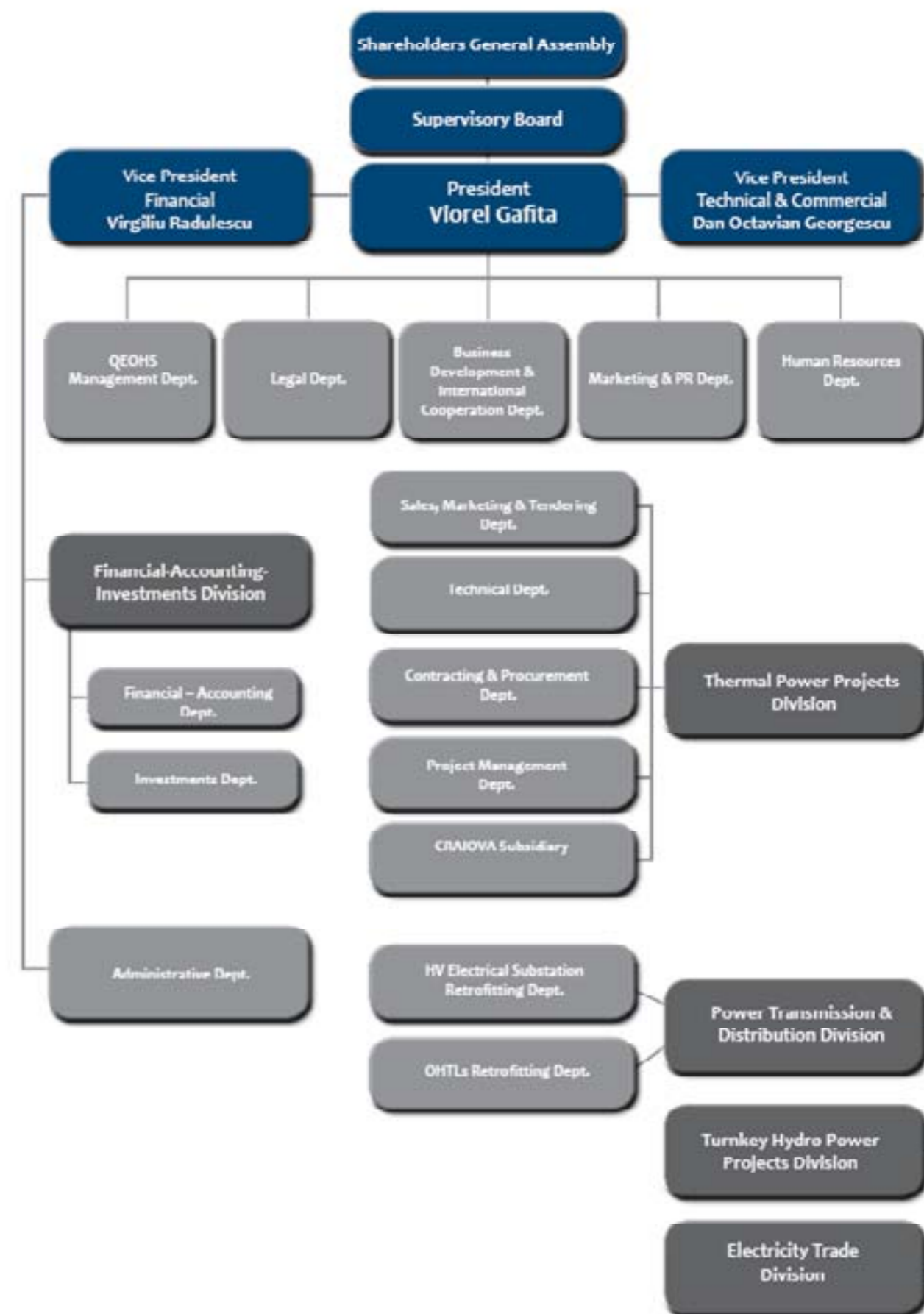
## HUMAN RESOURCES

ROMELECTRO encourages employees to grow with the company through positive self-development. We know that dedicated and motivated employees are decisive for sustainable business success.

Performance, success-based salaries and ongoing professional staff development creates a constructive environment in which every employee fell content.



## ORGANIZATIONAL CHART





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