

Report on the anticipated dissolution of ELECTROMAGNETICA GOLDSTAR SRL

The trading company ELECTROMAGNETICA GOLDSTAR SRL was founded in 1991 (J40/12829/1991, Sole registration number 400570), ELECTROMAGNETICA SA being one of its founders. In 1994, the share capital of ELECTROMAGNETICA GOLDSTAR SRL was increased with the equity in kind of ELECTROMAGNETICA SA, evaluated at 115632 lei representing:

- a) Building 104 located on 266-268 Calea Rahovei, sector 5, of 2.595 square meters, with a value of 95,475.24 lei;
- b) Land related to Building 104 and external yard of 1692 square meters, located on 266-268 Calea Rahovei, sector 5, with the value of 20.157 lei.

Starting with June 2011, ELECTROMAGNETICA SA became sole shareholder of ELECTROMAGNETICA GOLDSTAR SRL, by taking over the shares owned by **LG ELECTRONICS INC.**, with registered office in Seoul, 20 Yoido-dong, Youngdungpo-gu, South Korea, registered in the Republic of Korea under no. 057352/16.07.1991, namely 1325 shares, with nominal value of **111.35** lei each, total of 147,540.07 lei, representing 1.325.000 US dollars, namely 50% of the share capital of ELECTROMAGNETICA GOLDSTAR S.R.L. and by taking over the shares owned by **LG INTERNATIONAL CORP.**, with registered office in Seoul, 20 Yoido-dong, Youngdungpo-gu, South Korea, registered in the Republic of Korea under no. 559788/2207.1991, namely 265 shares, with nominal value of **111.35** lei each, total of 29,508.01 lei, representing 265.000 US dollars, namely 10% of the share capital of SC ELECTROMAGNETICA GOLDSTAR S.R.L based on the share assignment contract authenticated under no. 1304 from June 20th 2011.

Since in September 2015 it was opened the *Investigation of the Competition Council having as object the analysis of potential violation by Electrica SA, ELECTROMAGNETICA SA and others, of art. 5 par. 1 from the Competition law no. 21/1996 on electric meters and related electricity measurement equipment*, we replied to the notice of the Competition Council no. 17749/2016 which requested information and points of view concerning the direct or indirect participation in public auctions, that *we did not participate through the companies controlled by us.*

Although we are sole shareholder and we own 100% of the capital of ELECTROMAGNETICA GOLDSTAR SRL, the latter, without discussing with the sole shareholder, namely without requesting the approval, referred to the Romanian Movement for Quality in order to be issued the EU examination certificate related to

- the static three-phase energy meter, SHS34-123 type;
- the static monophasic energy meters, SHS12-xxxx type;

Considering that the activity is carried out without the knowledge and approval of the sole shareholder, that this activity is analyzed by the Competition Council, that Electromagnetica SA can provide erroneous information to the investigation authority following the 100% lack of knowing the activity of the controlled company, in order to avoid any interpretable situation by the

Competition Council or other authority, we kindly request the approval of the anticipated dissolution of ELECTROMAGNETICA GOLDSTAR SRL.

Chairman of the Board of Directors

Eugen Scheusan