



QUARTERLY REPORT

of the economic and financial activity of S.N. Nuclearelectrica S.A. in compliance with the provisions of Art.227 of the Law No.297/2004 on capital market and the Annex No.30 to the CNVM Regulation No.1/2006 on issuers and operations with securities for the 1st Quarter of the financial year 2015

Report according to:	Art. 227 of the Law no. 297/2004 on capital market and Annex no. 30 to the CNVM Regulation no. 1/2006 for the 1st Quarter of the financial year 2015
Date of report:	May 13 th 2015
Company name:	S.N. Nuclearelectrica S.A.
Registered office:	Bucharest, 65 Polona Street, district 1
Phone/fax number:	+40 21 203 8200; +40 21 316 94 00
Web/ E-mail:	www.nuclearelectrica.ro ; office@nuclearelectrica.ro
Sole Registration Code with the Trade Register Office:	10874881
Order number in the Trade Register:	J40/7403/1998
Subscribed and paid up share capital as at 31.03.2015	3.012.210.410 lei
The regulated market on which the issued securities are traded:	Bucharest Stock Exchange (www.bvb.ro), Premium category
The main characteristics of the issued securities:	301.221.041 shares with the nominal value of 10 lei/share, dematerialized, nominative, ordinary, indivisible and equal vote rights and freely negotiable on Bucharest Stock Exchange under SNN symbol starting November 4 th 2013
Applicable Accounting Standards:	International Financial Reporting Standards (IFRS) adopted by the European Union (UE) – IFRS-UE, <u>interim individual unaudited condensed financial statements</u>
Currency of the report:	Romanian Leu (RON) – all amounts are in RON, unless stated otherwise
Reported period:	1st Quarter 2015

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1. FINANCIAL STATEMENT

1.1. STATEMENT OF INDIVIDUAL FINANCIAL POSITION

	31 March 2015	31 December 2014
	(unaudited)	(audited)
Assets		
Non-current assets		
Property, plant and equipment	7.709.136.688	7.789.583.632
Intangible assets	90.868.906	94.558.653
Financial instruments	141.686.201	141.686.201
Total non-current assets	7.941.691.795	8.025.828.486
Current assets		
Inventories	383.932.091	397.665.497
Trade and other receivables	174.694.147	240.118.861
Prepayments	27.447.011	18.546.205
Bank deposits	175.931.825	31.442.715
Cash and cash equivalents	1.187.680.773	1.152.298.625
Total current assets	1.949.685.847	1.840.071.903
Total assets	9.891.377.642	9.865.900.389
Equity and liabilities		
Equity		
Share capital, out of which:	3.207.713.153	3.013.330.303
<i>Subscribed and paid in share capital</i>	<i>3.012.210.410</i>	<i>2.817.827.560</i>
<i>Inflation adjustment to share capital</i>	<i>195.502.743</i>	<i>195.502.743</i>
Share premium	31.474.149	31.474.149
Prepaid share reserve	24.498.784	217.820.977
Revaluation reserve	307.593.076	313.405.061
Retained earnings	3.953.471.964	3.912.224.643
Total shareholders' equity	7.524.751.126	7.488.255.133
Liabilities		
Non-current liabilities		
Long term borrowings	1.461.345.917	1.496.191.642
Deferred income long term	168.549.774	172.135.939
Deferred income tax liability	195.239.180	197.598.967
Employees' benefits	33.267.120	33.267.120
Total non-current liabilities	1.858.401.991	1.899.193.668
Current liabilities		
Accounts payables and other liabilities	255.373.352	244.366.147
Current tax liability	18.202.777	4.495.676
Short term deferred income	27.651.321	24.909.505
Current portion of long term borrowings	206.997.075	204.680.260
Total current liabilities	508.224.525	478.451.588
Total liabilities	2.366.626.516	2.377.645.256
Total equity and liabilities	9.891.377.642	9.865.900.389

1.2. INDIVIDUAL PROFIT AND LOSS ACCOUNT FOR 3 MONTHS PERIOD ENDED AS AT MARCH 31ST 2015

	3 months period ended as at 31 March 2015 (unaudited)	3 months period ended as at 31 March 2014 (unaudited, restated)
Revenues		
Sales of electricity	440.292.937	433.304.900
Electricity transportation revenues	28.497.774	28.227.966
Total revenues	468.790.711	461.532.866
Other income	17.640.130	20.393.217
Operating expenses		
Depreciation and amortization	(116.041.804)	(110.301.628)
Personnel expenses	(65.118.255)	(68.514.307)
Cost of traded electricity	(6.887.794)	(3.579.992)
Repairs and maintenance	(15.295.853)	(13.154.705)
Electricity transportation expenses	(28.497.774)	(28.227.966)
Costs with spare parts	(3.195.919)	(5.434.906)
Cost of uranium fuel	(42.354.421)	(36.034.089)
Other operating expenses	(164.815.573)	(197.533.925)
Total operating expenses	(442.207.393)	(462.781.517)
Operating result	44.223.448	19.144.566
Finance costs	(33.571.817)	(12.725.899)
Finance income	41.626.695	49.545.192
Net finance cost	8.054.878	36.819.293
Profit before income tax	52.278.326	55.963.859
Income tax expense	(16.842.990)	(24.064.296)
Net profit for the period	35.435.336	31.899.562

2. SIGNIFICANT EVENTS

2.1. SIGNIFICANT EVENTS DURING THE 1st QUARTER OF THE YEAR 2015

a) The increase of the company share capital

As per the Decision of the Extraordinary General Shareholders Meeting no.8/06.10.2014, the share capital increase was approved for SNN by cash contribution in amount of maximum 239.172.630 lei, from the current value of 2.817.827.560 lei to the amount of 3.057.000.190 lei, by issuing a maximum 23.917.263 new, nominative and dematerialized shares, at a price of 10 lei/share, equal with the nominal value (without the share premium), out of which:

- (i) 19.437.670 new shares amounting to 194.376.700 lei representing the cash contribution of the Romanian State through the Ministry of Economy- the Department for Energy, namely the amount of budget allocations related to the period between 2006- 2009 for the completion of the Cernavoda NPP's Unit 2 and for financing the works on the Cernavoda NPP's Units 3 -5;
- (ii) A maximum number of 4.479.593 new shares in the amount of 44.795.930 RON will be granted, within the exercise of the pre-emption right, for subscription, in exchange for the cash contribution of the Romanian State through the Ministry of Economy, Department for Energy, to other SNN 's shareholders, namely to persons who have the quality of shareholder on the registration date, in order to maintain the participation quota with respect to the shares held within SNN on the registration date.

The Prospectus related to the share capital increase was approved by the Board of Directors of SNN through Decision no.174/02.12.2014 and the Financial Supervisory Authority ("ASF") with the Decision no. 2246/23.12.2014.

The offer announcement related to the share capital increase was published on 29.12.2014, and the subscription period took place between 05.01.2015 and 04.02.2015. The shareholders subscribed in the Shareholders' Registry, at the registration date: 22.10.2014 had the right to subscribe and pay shares from this share issue, in proportion with the participation rate in the Company's capital, they owned at the registration date. The subscription price was 10 lei/share, and the offer intermediary was SSIF SWISS CAPITAL.

As per the above mentioned Decision of EGMS, SNN has informed the shareholders and investors that the shares sale offer, related to the share capital increase, was completed on 04.02.2015.

On 06.02.2015, the Board of Directors of SNN acknowledged and approved the following: during the subscription period: 05.01.2015 - 04.02.2015, 19.438.285 shares, of 194.382.850 lei, have been subscribed, out of which 19.437.670 shares, of 194.376.700 RON, were subscribed by the main shareholder – Ministry of Energy, Small and Medium Sized Enterprises and Business Environment, and 615 shares, of 6.150 RON, were offered, as per the pre-emption right, to be subscribed by the other shareholders of SNN, i.e. persons who were shareholders at the registration date (22.10.2014), in order to maintain the participation quotas.

The total subscription was of 194.382.850 RON, and the percentage of securities allocated from the total number of publically-offered securities was 81.2730 %. The value of the share capital of SNN, resulted from the share capital increase operation is of 3.012.210.410 lei, fully subscribed and paid by the Company's shareholders, corresponding to a number of 301.221.041 shares.

On 05.03.2015, the Trade Register issued the registration certificate regarding: the share capital, the number of shares and modifications made to legal entities associates and to the list of the natural and legal persons shareholders. Through the resolution no. 415/11.03.2015, the Financial Supervisory Authority has blocked as insurance measure, for a single period of two weeks, the transfer of the package of 19.438.285 shares issued as a consequence of the SNN share capital increase, based on the EGMS resolution from 16.10.2014.

b) Cernavoda NPP Units 3 and 4 Projects

During January and February 2015 the negotiation Committee met in order to finalize a common negotiation position of the authorities/institutions involved regarding the proposals of China General Nuclear Corporation (CGN) for the amendment of the Memorandum of Understanding. At the beginning of March 2015, the Interministerial Committee approved the position document proposed by the negotiation Committee and the negotiations regarding the Memorandum of Understanding continued.

As soon as the negotiations regarding the Memorandum of Understanding are completed the document will be submitted to the approval of the Negotiation Committee and to the SNN Board of Directors, respectively for the approval of the Interministerial Committee and the SNN General Meeting of the Shareholders. After signing the Memorandum of Understanding, negotiations will start regarding the Investors Agreement and the Articles of Incorporation for the new project company.

c) Litigations with the shareholder: Fondul Proprietatea S.A.

Fondul Proprietatea S.A. has registered at Bucharest Court of Law the presiding's judge order, which makes the object of the file no. 40510/3/2014, requesting the suspension of the execution of the General Extraordinary Meeting of the Shareholders resolution („EGMS”) no. 8/6.10.2014, until the final solving of the action in annulment. On 23.04.2015, Bucharest Court of Law has finally rejected, as ungrounded, the appeal declared by Fondul Proprietatea against the Resolution no. 282/23.01.2015, pronounced by Bucharest Court of Law in the file no. 40510/3/2014. Through that resolution, Bucharest Court of Law has rejected the appeal request – presiding's judge order – which requested the suspension of the effects of the EGMS Resolution, no. 8/06.10.2014.

The action in annulment of the EGMS resolution no. 8/6.10.2014 makes the object of the file no. 40046/3/2014 recorded by Fondul Proprietatea S.A. at Bucharest Court of Law and the first hearing was on 23.02.2015 when the court of law has ordered the postponing of the case until 04.05.2015. On 04.05.2015 the court established the next hearing on 15.06.2015.

d) Update and approval of the Regulations regarding the organization and unfolding of the General Meeting of Shareholders

SNN has updated and approved the Regulation regarding the organization and unfolding of the SNN General Meeting of Shareholders through the resolution of the Board of Directors no. 271 from February 20th 2015, consequent to the modifications of the capital market legislation and the update of the SNN Articles of Incorporation.

e) Enel investment opportunity

In September 2014, SNN started to analyze the opportunity resulted from the announcement of the potential sale of Enel's operations in Romania.

On 25.02.2015, the consultants of Enel S.p.A. group, Citigroup Global Markets Limited and UniCredit S.p.A., informed SNN regarding the resolution of Enel Group Board of Directors to temporary suspend the sales process of the assets in Romania. Consequently, SNN's interest in this transaction can no longer materialize.

2.2. SUBSEQUENT SIGNIFICANT EVENTS AFTER MARCH 31ST 2015

a) Resolutions of the General Meeting of Shareholders

By the Resolution no. 1/29.04.2015 of the Ordinary General Meeting of Shareholders the following were approved:

- (i) The annual individual and consolidated financial statements, as well as the annual report of the SNN's administrators, for the financial year ended on 31 December 2014 and the report on the administration activity for the 4th Quarter of 2014;
- (ii) The dividend per share gross value, of 0.30 RON and the initiation date for the dividends payment for the financial year 2014, namely 26 June 2015.

By the Resolution no. 2/29.04.2015 of the Extraordinary General Meeting of Shareholders the following were approved:

- (i) The amendment of the Company's Articles of Incorporation, regarding the new value of the share capital of 3.012.210.410 lei and the structure of SNN's shareholders, as well as the empowerment of the Board of Directors for one year to increase the share capital by issuing new shares in exchange of shareholders' contributions, up to a value of the authorized capital, of 3.016.200.000 lei;
- (ii) The approval of the procurement of legal consultancy, assistance and/or representation services from different law companies, depending on their specialization and the effective needs of the company in terms of legal services, on current and complex problems, in case the competence level and workload exceeds the possibilities of the legal advisors of the company. The procurement of these services will be done by the management of the company, in compliance with the related legal provisions, ensuring the conformity with the governing principles of the procurement legislation. The costs for contracting these services will not exceed 100.000 Euro;
- (iii) The appointment of an authorized valuator by the Trade Registry belonging to the Bucharest Court of Law for the valuation of the land in the area of 3.873,13 sm located in Saligny, Constanta county for which the ownership certificate series M03, number 9462/04.02.2005 was issued, in view of increasing the share capital of Nuclearelectrica, in compliance with the provisions of article 215, of the companies Law number 31/1990, with the subsequent amendments.
- (iv) Amending the destination of the quantity of 75.260,58 kg heavy water for the initial load of Cernavoda NPP units 3 and 4 for current use in the operation of Cernavoda NPP Units 1 and 2, under the condition of issuing a legal document which amends the destination of this quantity of heavy water.

b) The election of an administrator for the National Company, Nuclearelectrica S.A.

Following the revocation of Mr. Ionel Bucur from his position of administrator at SNN, as per parties' agreement, following to the amendment of art.20 from the Articles of Incorporation of SNN, by the Resolution of the Extraordinary General Meeting of Shareholders no. 6/31.07.2014, a temporary administrator was appointed: Mrs. Ioana Alina Dragan, until the election, by the Ordinary General Meeting of SNN Shareholders, of a new administrator, as per the provisions of GEO no.109/2011.

By the Resolution no. 1/29.04.2015, of the Ordinary General Meeting SNN Shareholders, Mr. Stanescu Nicolae Bogdan Codrut was elected as member in the Board of Directors of SNN. The mandate duration of Mr. Stanescu Nicolae Bogdan Codrut shall be until 25.04.2017.

c) The planned outage program of Cernavoda NPP Unit 2

On 9 May 2015, 00:00 hrs., Unit 2 of Cernavoda NPP entered the planned outage program which is scheduled to last until 7 June 2015.

The planned shutdowns of Units 1 and 2 of Cernavoda NPP are part of the maintenance program and are carried out once every two years, for each Unit.

2.3. ECONOMIC FINANCIAL INDICATORS

Ratio *)	Formula	M.U	Result on 31.03.2015
1. The current liquidity ratio	Current assets/ Current liabilities	x	3,84
2. The indebttness ratio			
2.1. The indebttness ratio (1)	Non-current liabilities/ Equity x 100	%	19,4%
2.1. The indebttness ratio (2)	Long term liabilities/ Capital employed x 100	%	16,3%
3. Accounts receivable turnover	Average accounts receivable balance/ Turnover x 90	days	28
4. Non-current assets turnover **)	Turnover/ Non-current assets	x	0,24

*) Based on the unaudited individual interim condensed financial statements

***) Non-current assets turnover is calculated by annualisation the quarterly turnover (360 days/90days)

3. STATEMENTS AND SIGNATURES

Based on the most accurate available information, we confirm that the interim individual unaudited condensed financial statements for the period ended at March 31st 2015 elaborated in compliance with the applicable accounting standards (International Accounting Standard 34 – „Intermediary Financial Report”) provide a correct and true image regarding the financial status, financial performance and cash flows for the period ended at March 31st 2015 and that this report, drafted as per provisions of Art. 227, Law no. 297/2004, regarding the capital market and Appendix no. 30 of the Regulation CNVM no. 1/2006 for the period ended at March 31st 2015, includes correct and true information regarding the Company’s development and performance.

Alexandru SANDULESCU
President of the Board of Directors

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

4. APPENDIXES

4.1. THE INTERIM INDIVIDUAL CONDENSED FINANCIAL STATEMENTS as at and for the period ended at March 31st 2015

4.2. QUARTERLY REPORT of the Board of Directors on the administration activity for the period 01 January – 31 March 2015