



SN Nuclearelectrica SA

Preliminary Unaudited Individual Financial Statements

as at and for the year ended

31 December 2014

prepared in accordance with

The International Financial Reporting Standards as adopted
by the European Union (IFRS-UE)

16 February 2015

SN Nuclearelectrica SA

Statement of Individual Financial Position as at 31 December 2014

(All the amounts are in RON, unless stated otherwise)

	Note	31 December 2014 (unaudited)	31 December 2013 (audited)
Assets			
Non-current assets			
Property, plant and equipment		7.789.585.283	8.057.978.024
Intangible assets		94.558.653	97.856.793
Financial investments	<u>4</u>	141.686.201	123.718.616
Total non-current assets		8.025.830.137	8.279.553.433
Current assets			
Inventories		395.603.890	386.303.320
Trade and other receivables		240.563.335	197.044.598
Prepayments		18.550.124	10.865.840
Bank deposits		31.442.715	704.525.705
Cash and cash equivalents		1.152.298.625	739.280.253
Subtotal current assets		1.838.458.689	2.038.019.716
Assets to be transferred	<u>5</u>	-	1.382.640.479
Total current assets		1.838.458.689	3.420.660.195
Total assets		9.864.288.826	11.700.213.628
Equity and liability			
Equity			
Share capital, out of which	<u>6</u>	3.207.707.003	3.013.330.303
<i>Subscribed and paid in share capital</i>		2.817.827.560	2.817.827.560
<i>Subscribed and unpaid share capital</i>		194.376.700	-
<i>Inflation adjustment to share capital</i>		195.502.743	195.502.743
Share premium		31.474.149	31.474.149
Prepaid share reserve	<u>6</u>	23.444.277	215.930.237
Revaluation reserve		313.389.638	337.713.566
Retained earnings		3.916.653.297	4.099.989.096
Total equity		7.492.668.364	7.698.437.351
Liabilities			
Non-current liabilities			
Long term borrowings		1.496.191.642	1.675.427.622
Deferred income		172.135.939	186.480.601
Deferred tax liability		197.672.346	208.285.414
Employee benefits		30.981.743	26.207.527
Total non-current liabilities		1.896.981.670	2.096.401.164
Current liabilities			
Accounts payable and other liabilities		240.451.360	242.958.936
Current tax liability		4.597.668	34.982.603
Deferred income		24.909.505	32.007.582
Current portion of long term borrowings		204.680.259	212.785.513
Subtotal current liabilities		474.638.792	522.734.634
Liability related to assets to be transferred	<u>5</u>	-	1.382.640.479
Total current liabilities		474.638.792	1.905.375.113
Total liabilities		2.371.620.462	4.001.776.277
Total equity and liabilities		9.864.288.826	11.700.213.628

The accompanying notes from 1 to 9 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Individual Profit and Loss Account for the financial year ended 31 December 2014

(All the amounts are in RON, unless stated otherwise)

	Note	2014 (unaudited)	2013 (audited)
Revenues			
Sales of electricity	7	1.685.389.196	1.829.187.376
Electricity transmission revenues		109.272.960	103.315.661
Total revenues		1.794.662.157	1.932.503.038
Other income		19.474.364	126.519.371
Operating expenses			
Depreciation and amortisation		(425.873.117)	(433.001.182)
Personnel expenses		(296.337.528)	(297.954.270)
Cost of traded electricity		(29.489.558)	(77.327.618)
Repairs and maintenance		(129.502.765)	(142.249.661)
Electricity transmission expenses		(109.272.960)	(103.315.661)
Costs with spare parts		(24.748.712)	(28.528.015)
Cost of uranium fuel		(134.241.709)	(113.396.395)
Other operating expenses	8	(484.872.393)	(402.153.592)
Total operating expenses		(1.634.338.742)	(1.597.926.394)
Operating profit		179.797.778	461.096.015
Finance costs		(117.836.207)	(172.420.214)
Finance income		96.953.834	229.014.401
Net finance cost	9	(20.882.373)	56.594.186
Profit before income tax		158.915.405	517.690.201
Income tax expense, net		(21.830.268)	(94.298.721)
Net profit for the year		137.085.137	423.391.480

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CFO*The accompanying notes from 1 to 9 are part of these preliminary unaudited individual financial statements*

SN Nuclearelectrica SA

Individual Statement of the Comprehensive Income for the financial year ended 31 December 2014

(All the amounts are in RON, unless stated otherwise)

	2014	2013
	(unaudited)	(audited)
Profit for the year	137.085.137	423.391.480
Other comprehensive income		
Revaluation of PPE	-	389.155.737
Deferred tax related to revaluation reserve	-	(62.662.755)
Actuarial gains/ (losses) on defined benefit plants	(4.180.478)	181.360
Other comprehensive income	(4.180.478)	326.674.342
Total comprehensive income	132.904.659	750.065.822
Basic earnings per share (lei/share)	0,49	1,64
Diluted earnings per share (lei/share)	0,45	1,52

The accompanying notes from 1 to 9 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2014

(All the amounts are in RON, unless stated otherwise)

1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica SA (“the Company”) is a company established in Romania. The Company’s head office is located in Bucharest, 65 Polona Street. The main operating location is in Cernavoda, where the Company has two operating nuclear reactors (Nuclear Power Plant Units 1 and 2) and the main activity of the Company is to generate electricity. The Company is listed on the Bucharest Stock Exchange.

2. BASIS OF PREPARATION

a) Statement of compliance

The individual unaudited preliminary financial statements were prepared on the basis of OMFP 1286/2012 regarding the approval of the Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS-UE”), applicable to companies whose securities are traded on a regulated market and related amendments (“OMFP 1286/2012”). As per the OMFP 1286/2012, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and Council dated on July 19th 2002 regarding the application of the international accounting standards.

These preliminary unaudited individual financial statements are presented in advance of finalizing all the internal analysis and revision procedures as well as the independent audit and as a consequence may be amended; at the same time, these financial statements do not represent a complete set of financial statements in accordance with IFRS-UE.

These preliminary unaudited individual financial statements include only the Statement of Individual Financial Position, the Individual Profit and Loss Account, the Individual Statement of the Comprehensive Income and Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2014.

These preliminary unaudited individual financial statements were authorized for issue and signed by the management of the Company on 16th of February 2015.

b) Use of estimates and judgements

The preparation of these preliminary unaudited individual financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by the management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the individual financial statements as at and for the year ended 31 December 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these preliminary unaudited individual financial statements are the same as those applied in the Individual financial statements as at and for the year ended 31 December 2013.

4. FINANCIAL INVESTMENTS

The financial investments are mainly represented by the investment in EnergoNuclear S.A. (“EnergoNuclear”), presented below:

Entity	Country of origin	31 December 2014 % of the total shares	31 December 2013 % of the total shares
EnergoNuclear	Romania	100	84,65

Entity	Country of origin	31 December 2014 Participation value	31 December 2013 Participation value
EnergoNuclear	Romania	141.666.101	123.718.516

At 31 December 2014, the Company owns 100% of the share capital of EnergoNuclear. At 31 December 2013, the percentage owned by the Company was 84,65%.

In December 2013, the minority shareholders of EnergoNuclear, namely Enel Investment Holding BV and ArcelorMittal Galati SA, owning together a quota of 15,35% of the share capital, decided to exercise their put option. In January 2014, the Company bought the shares of the two minority shareholders at a price equal to 80% of the nominal value of the shares for the total amount of 17.947.586 RON.

5. CURRENT ASSETS

On 27 November 2014, the representatives of SNN, of the National Administration of State Reserves and Special Matters (ANRSPS) and RAAN, concluded a handover protocol for the quantity of 786.715,78 kg heavy water which was financed from budget allocations during 2006-2011. The signing of the handover protocol certifies the free transfer from the patrimony of SNN into the patrimony of ANRSPS, in compliance with the provisions of OUG no. 56/2013. At 31 December 2013, the heavy water which was to be transferred to ANRSPS was presented in the Statement of individual financial position as “Assets to be transferred”, within “Current assets” category, while the cash contributions from the state budget were presented as “Liability related to assets to be transferred”, within the “Current liabilities” category.

6. EQUITY

Share capital

The Company was established through separation from the former RENEL. The share capital represents the State’s contribution to the establishment of the Company on June 30th, 1998 (restated for inflation to 31 December 2003), plus the subsequent increases.

At 31 December 2014 and 31 December 2013, the share capital includes the effects of the restatements recorded in the previous years in compliance with the application of IAS 29 “Financial reporting in hyperinflationary economies”. The reconciliation of the share capital is presented below:

	31 December 2014 (unaudited)	31 December 2013 (audited)
Statutory share capital (nominal value)	3.012.204.260	2.817.827.560
Restatement differences in accordance with IAS 29	195.502.743	195.502.743

SN Nuclearelectrica SA

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Restated share capital balance	3.207.707.003	3.013.330.303
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The value of the subscribed and paid in statutory share capital is of 2.817.827.560 RON at 31 December 2014, respectively at 31 December 2013, comprising 281.782.756 ordinary shares, each with a nominal value of 10 RON.

The Resolution of the Extraordinary General Meeting of Shareholders („EGMS”) number 8/06.10.2014 approved the share capital increase of SNN through cash contributions. The share capital increase offer was completed on 4th February 2015, in compliance with the Prospectus approved by SNN Board of Directors through the resolution number 174/02.12.2014 and by the Financial Supervisory Authority through the resolution number 2246/23.12.2014. On 6th February 2015, SNN Board of Directors acknowledged and approved the following: a number of 19.438.285 shares with the nominal value of 194.382.850 RON were subscribed, out of which 19.437.670 shares with the nominal value of 194.376.700 RON were subscribed by the majority shareholder – the Ministry of Energy, Small and Medium Sized Enterprises and Business Environment and 615 shares with the nominal value of 6.150 RON were subscribed by other shareholders of the company who owned shares at the Registration Date (22 October 2014), using their pre-emption right, in order to maintain their participation quota within the share capital.

At 31 December 2014, the share capital subscribed by the Romanian state in the amount of 194.376.700 RON, representing the budget allocations from the period 2006-2009 for the completion of Unit 2 and for works on Units 3-5 of Cernavoda NPP, was transferred to the share capital from the „Prepaid share reserve” position.

7. SALES OF ELECTRICITY*(i) Sales of electricity revenues*

	2014	2013
	(unaudited)	(audited)
Electricity sales on the regulated market	561.837.115	753.765.846
Electricity sales on the competitive market	1.123.282.276	1.071.948.302
Revenues from cogeneration contribution	-	2.026.490
Revenues from green certificates	269.806	1.446.738
Total	1.685.389.196	1.829.187.376

(ii) Sold electricity quantity

	2014	2013
	(unaudited)	(audited)
Quantity of energy sold on the regulated market (MWh)	3.742.440	5.308.173
Quantity of energy sold on the competitive market (MWh)	7.101.226	5.679.598
	10.843.666	10.987.771

During the financial year ended 31 December 2014, the Company sold approximately 35% of the electricity on the regulated market, while during the financial year ended 31 December 2013, 48% of the electricity was sold on the regulated market. The remaining quantity was sold on the competitive market.

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8. OTHER OPERATING EXPENSES

	2014	2013
	(unaudited)	(audited)
Third party services	95.218.117	114.416.455
Expenses with ANDR	95.560.384	94.795.297
Expenses with energy and waster	76.069.131	78.885.161
Fuels, lubricants and other consumables	38.865.028	33.514.250
Insurance	11.714.800	12.641.785
Transportation and telecommunication	7.480.072	7.833.669
Special construction tax	89.398.570	-
Other operating expenses	70.566.292	60.066.975
Total	484.872.393	402.153.592

„Other operating expenses” mainly include expenses with different taxes and provisions.

Starting with 2014, the companies are obliged to declare and pay the tax on special constructions. The value of this tax for 2014 was of 1,5% of the value of special constructions in balance at 31 December of the previous year (31 December 2013). Nuclear power plants are included in the special constructions category. The tax on special constructions owed by the Company for the financial year ended 31 December 2014 is of 89.398.570 RON (31 December 2013: 0 RON). Starting with 1 January 2015 the quota of the special construction tax was reduced to 1%.

9. FINANCE INCOME AND COSTS

	2014	2013
	(unaudited)	(audited)
Interest income	29.477.239	41.073.150
Foreign exchange gains	67.072.602	187.941.250
Dividend income	403.993	-
Total finance income	96.953.834	229.014.400
Foreign exchange losses	(92.909.492)	(142.897.611)
Interest expenses	(24.926.715)	(29.522.603)
Total finance costs	(117.836.207)	(172.420.214)
Net finance (costs)/income	(20.882.373)	56.594.186