NUCLEARELECTRICA

SN Nuclearelectrica SA

Consolidated Financial Statements
as at and for the year ended on
31 December 2014

Prepared in accordance with
the International Financial Reporting Standards as adopted by the European Union (IFRS-EU)

SN Nuclearelectrica SA
Statement of Consolidated Financial Position as at 31 December 2014
(All amounts are in RON, unless stated otherwise)

	Nota	31 December 2014	31 December 2013
Assets			
Non-current assets			
Property plant and equipment (PP&E)	5	7.928.119.698	8.192.667.298
Intangible assets	6	94.579.281	97.861.128
Total non-current assets		**8.022.698.979**	**8.290.528.426**
Current assets			
Inventories	7	397.664.374	386.296.868
Trade and other receivables	8	240.317.426	197.366.645
Prepayments		18.546.205	10.865.840
Bank deposits	9	31.442.715	704.525.705
Cash and cash equivalents	9	1.158.859.684	751.247.612
Subtotal, current assets		**1.846.830.404**	**2.050.302.670**
Assets to be transferred	5	-	1.382.640.479
Total current assets		**1.846.830.404**	**3.432.943.149**
Total assets		**9.869.529.383**	**11.723.471.575**
Equity			
Capital and reserves			
Share capital	10	3.013.330.303	3.013.330.303
Share premium	10	31.474.149	31.474.149
Prepaid share reserve	10	217.820.977	215.930.237
Revaluation reserve	10	1.770.574.705	1.770.574.705
Retained earnings	10	2.458.402.361	2.667.598.242
Total shareholder's equity		**7.491.602.495**	**7.698.907.636**
Non-controlling interest		-	**22.474.502**
Total equity		**7.491.602.495**	**7.721.382.138**
Liabilities			
Non-current liabilities			
Long term borrowings	11	1.496.191.642	1.675.427.622
Deferred income long term	18	172.135.939	186.480.601
Deferred income tax liability	13	197.598.967	208.285.413
Employee benefits	14	33.267.120	26.207.527
Total non-current liabilities		**1.899.193.668**	**2.096.401.163**
Current liabilities			
Accounts payable and other liabilities	12	244.636.285	243.249.981
Current tax liability		4.507.170	35.004.719
Deferred income		24.909.505	32.007.582
Current portion of long term borrowings	11	204.680.260	212.785.513
Subtotal current liabilities		**478.733.220**	**523.047.795**
Liability related to assets to be transferred	5	-	1.382.640.479
Total current liabilities		**478.733.220**	**1.905.688.274**
Total liabilities		**2.377.926.888**	**4.002.089.437**
Total equity and liabilities		**9.869.529.383**	**11.723.471.575**

BAKER TILLY KLITOU & PARTNERS
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For identification purposes

		2014	2013
Revenues			
Sales of electricity	15	1.685.350.384	1.829.187.376
Electricity transmission revenues		109.272.960	103.315.662
Total revenues		**1.794.623.344**	**1.932.503.038**
Other income	18	19.640.158	129.686.605
Operation expenses			
Depreciation and amortisation		(425.873.117)	(433.122.847)
Personnel expenses		(300.020.637)	(302.751.047)
Cost of traded electricity		(29.499.135)	(77.327.618)
Repairs and maintenance		(130.414.701)	(142.249.662)
Electricity transmission expenses		(109.272.960)	(103.315.661)
Costs with spare parts		(24.748.712)	(28.528.016)
Cost of uranium fuel		(134.241.709)	(113.396.395)
Other operating expenses	16	(486.389.314)	(402.170.795)
Total operating expenses		**(1.640.460.285)**	**(1.602.862.039)**
Operating resnlt		**173.803.217**	**459.327.604**
Finance costs	17	(117.893.368)	(172.539.326)
Finance costs/income	17	96.795.817	229.726.731
Net finance cost		**(21.097.551)**	**57.187.405**
Profit before income tax		**152.705.666**	**516.515.009**
Net ineome tax expense	13	(21.290.850)	(89.659.467)
Net profit		**131.414.816**	**426.855.542**
Profit for the year attributable to:			
Owners of the Company		131.414.816	427.047.838
Non-controlling interest		-	(192.296)
Profit for the year		**131.414.816**	**426.855.542**

The consolidated financial statements presented to page 1 - 49 were authorized for issue by the management on 25 March 2015 and signed on its behalf by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

	Note	2014	2013
Profit for the year		**131.414.816**	**426.855.542**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of PPE	5	-	356.087.677
Deferred tax related to revaluation reserve	13	-	(62.662.755)
Actuarial gains/(loss) on defined benefits plans		(4.180.478)	181.360
Other comprehensive income		**(4.180.478)**	**293.606.282**
Comprehensive income		**127.234.338**	**720.461.824**
Attributable to:			
Owners of the Company		127.234.338	720.654.120
Non-controlling interest		-	(192.296)
Comprehensive income		**127.234.338**	**720.461.824**
Earnings per share			
Basic earnings per share (RON/share)	21	**0,47**	**1,65**
Diluted earnings per share (RON/share)	21	**0,44**	**1,54**

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2014		3.013.330.303	31.474.149	215.930.237	1.770.574.705	2.667.598.242	7.698.907.636	22.474.502	7.721.382.138
Comprehensive income for the year									
Profit for the year		-	-	-	-	131.414.816	**131.414.816**	-	**131.414.816**
Other comprehensive income (OCI)		-	-	-	-	(4.180.478)	**(4.180.478)**	-	**(4.180.478)**
Total comprehensive income for the year		-	-	-	-	**127.234.338**	127.234.338	-	127.234.338
Increase in prepaid share reserve	10	-	-	1.890.740		-	**1.890.740**	-	**1.890.740**
Acquisition of non-controlling interest	10			-	-	4.526.916	**4.526.916**	**(22.474.502)**	**(17.947.586)**
Dividends distributed		-	-	-		(340.957.135)	**(340.957.135)**	-	**(340.957.135)**
Balance as at 31 December 2014		3.013.330.303	31.474.149	217.820.977	1.770.574.705	2.458.402.361	7.491.602.495	-	7.491.602.495

The accompanying notes 1-24 are an integral part of these consolidated financial statements

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2013		**2.732.326.353**	**-**	**1.617.236.040**	**1.477.149.783**	**2.250.194.318**	**8.076.906.494**	**22.666.798**	**8.099.573.292**
Comprehensive income for the year									
Profit for the year						427.047.838	427.047.838	(192.296)	**426.855.542**
Other comprehensive income (OCI)		-	-	-	293.424.922	181.360	293.606.282	-	**293.606.282**
Total comprehensive income for the year		-	-	-	**293.424.922**	**427.229.198**	**720.654.120**	**(192.296)**	**720.461.824**
Share issuance	**10**	281.003.950	31.474.149	-	-	-	312.478.099	-	**312.478.099**
Transfer of prepaid share reserve		-	-	(18.665.324)	-	18.665.324	-	-	**-**
Reclassification of prepaid share reserve	5	-	-	(1.382.640.479)	-	-	(1.382.640.479)	-	**(1.382.640.479)**
Dividends distributed		-	-		-	(28.490.598)	(28.490.598)	-	**(28.490.598)**
Balance as at 31 December 2013		**3.013.330.303**	**31.474.149**	**215.930.237**	**1.770.574.705**	**2.667.598.242**	**7.698.907.636**	**22.474.502**	**7.721.382.138**

The accompanying notes 1-24 are an integral part of the current consolidated financial statements.

	2014	2013
Cash flows from operating activities		
Profit before income tax	**152.705.666**	**516.515.009**
Adjustments for:		
Depreciation and amortization	425.873.117	433.122.847
Impairment loss on trade and other receivables	682.441	7.206.171
Impairment loss on inventories	2.377.648	315.391
Provisions	10.714.953	(1.128.329)
Loss from the non-current assets sold	442.063	7.694.334
Net finance costs/ (gains)	21.097.551	(52.769.141)
Changes in:		
(Increase) in trade and other receivables	(56.493.132)	(42.409.427)
(Increase) in inventories	(13.745.154)	(33.042.862)
Decrease deferred income	(21.442.739)	(64.686.409)
(Decrease) in accounts payable and other liabilities	(7.895.050)	(9.009.342)
Cash generated from operating activities	**514.317.364**	**761.808.242**
Income tax paid	(62.474.845)	(99.875.446)
Interest received	34.846.820	41.642.133
Interest paid	(18.506.316)	(30.796.849)
Net cash from operating activities	**468.183.023**	**672.778.080**
Cash flows used in investing activities		
Purchase of intangible assets	(15.933.093)	(27.205.651)
Purchase of property, plant and equipment	(151.306.434)	(199.420.866)
Proceeds from the sale of property, plant and equipment	235.472	2.539.784
Decrease/(Increase) in bank deposits	673.082.990	(470.021.492)
Net cash used in investing activities	**506.078.935**	**(694.108.225)**
Cash flow from financing activities		
Repayments of borrowings	(217.050.422)	(220.188.855)
Dividends paid	(331.651.879)	(28.490.598)
Purchase of non-controlling interest	(17.947.585)	-
Proceeds from issue of shares	-	312.478.099
Net cash from financing activities	**(566.649.886)**	**63.798.646**
Net increase in cash and cash equivalents	**407.612.072**	**42.468.501**
Cash and cash equivalents as at 1 January (see Note 9)	**751.247.612**	**708.779.111**
Cash and cash equivalents at the end of the year (see Note 9)	**1.158.859.684**	**751.247.612**

The accompanying notes 1-24 are an integral part of the current consolidated financial statements

1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica SA ("the Company" or "SNN") is a company established in Romania. The Company's head office is located in Bucharest, 65 Polona Street.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the financial statements of the Company and its subsidiary, Energonuclear SA, ("Energonuclear") (named together, "the Group"). As at 31 December 2014, the Company owns 100% (84,65% as at 31 December 2013) of Energonuclear SA. The main operating location is in Cernavoda in the eastern part of Romania, where the Company has two operating nuclear reactors (Unit 1 and Unit 2) and two nuclear reactors in early stage of construction (Unit 3 and 4) and a nuclear reactor (Unit 5) for which the shareholders of the Company approved a change in purpose. The construction of Units 3 and 4 was planned to be completed by Energonuclear; currently, there is a new strategy for the continuation of the Units Project 3 and 4 was approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information please see note 5). The two operating nuclear reactors are based on CANDU technology (Canada Deuterium Uranium, PHWR type).

Unit 5 is impaired 100% as there are no plans to continue the construction. In March 2014 the shareholders of the Company approved the change of its initial destination and the use of Unit 5 for activities related to the operation of Units 1 and 2.

The main activity of the Company is to generate electricity using nuclear power plants units 1 and 2. Energonuclear SA was established in March 2009, for the purpose of constructing and operating the two 720 MW CANDU 6 (Units 3 and 4) reactors at Cernavoda.

In accordance with the Electricity Law 123/2012, the electricity sector is regulated by the Romanian Energy Regulatory Authority (ANRE), an autonomous public institution. ANRE establishes through yearly decisions the tariffs that are to be used by the Company to sell electricity on the regulated market. In 2014, the Company delivered approximately 34,5% of the sold electricity on the regulated market (2013: 48,3%). The total quantity of electricity sold in 2014 is 10.843.782 MWh (2013: 10.987.771 MWh). The average price of the electricity sold by the Company on the regulated market in 2014 was 150 RON/MWh (2013: 142 RON/MWh), net of tariff for transmission service paid to Transelectrica for using the electricity transmission network.

Starting with 4 November 2013, the Company's shares are traded on the Bucharest Stock Exchange, under symbol SNN.

As described in Note 10, as at 31 December 2014 the shareholders of the Company are: the Romanian State through the Ministry of Economy, Small and Medium Enterprises and Business Environment which holds 229.006.139 shares, representing 81,2705% of the share capital, Fondul Proprietatea which holds 27.408.381 shares, representing 9,7270% of the share capital and other shareholders which hold the remaining 25.368.236 shares, representing 9,0025% of the share capital.

These consolidated financial statements were authorized for issue by the management of the Group on 25 March 2015.

2. BASIS OF PREPARATION

a) Statement of complianee

The consolidated financial statements of the Group (financial statements) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for property, plant and equipment which is measured at fair value as disclosed in the accounting policies (sec Note 3d). The property, plant and equipment are accounted using the revaluation model, except for assets under construction that are accounted using cost model, except for the assets acquired before 31 December 2003 which include adjustments due to hyperinflation as required by the application IAS 29 "Financial Reporting in Hyperinflationary Economies".

c) Functional and presentation currency

The consolidated financial statements are presented in Romanian Lei ("RON"), which is the Group's functional currency. All financial information presented in RON has been rounded to the nearest million, unless stated otherwise.

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, estimated useful lives of fixed assets (see Note 3d), assumptions regarding determination of fair value (see Note 4 and Note 22e), assumptions on determination of fair value of property, plant and equipment (sce Note 5), the transfer to property, plant and equipment of those spare parts which meet the recognition criteria of IAS 16 (see Note 5), the transfer of heavy water from the property, plant and equipment to assets to be transferred (see Note 5), the recoverability of trade receivable (see Note 8), assumptions related to the calculation of employee benefits (sce Note 14), the period on which the governmental subsidies are transferred to the profit and loss account (see Note 3q and Note 18). Aetual 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.

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years are included in Note 19 (key assumptions relating to the continuance of the project developed by Energonuclear).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Consolidation basis

(i) Combination of enterprises

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The gain obtained from a profitable purchase is recognised immediately in profit or loss when the fair value of consideration transferred is greatest than the recognized net value of identifiable assets purchased. The consideration transferred does not include amounts related to the settlement of pre-existing relationships between the Group and the acquired entity. Such amounts generally are recognised in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Acquisitions of non-controlling interests

The Group measures non-controlling interests in the acquire at their proportionate share of the acquirer's identifiable net assets, at acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions

Transactions in foreign currencies are translated to RON by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the period are translated to RON at the exchange rates prevailing on that date (the exchange rate used is the one published by the National Bank of Romania). Exchange gains and losses, realised or unrealised, are included in profit or loss for that year. The exchange rates as at 31 December 2014 and 31 December 2013 for the main foreign currencies used by the Group are as follows:

	Average rate		Exchange rate as at	
	2014	2013	31 December 2014	31 December 2013
RON/ EUR	4,4446	4,4190	4,4821	4,4847
RON/ USD	3,3492	3,3279	3,6868	3,2551
RON/ CAD	3,0315	3,2312	3,1836	3,0575

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

c) Accounting for the effects of hyperinflation

Romania has previously experienced relatively high levels of inflation and was considered to be hyperinflationary as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date. As the characteristics of the economic environment of Romania indicate that hyperinflation has ceased, effective from 1 January 2004 the Group no longer applies the provisions of IAS 29. Accordingly, the amounts expressed in the measuring unit current at 31 December 2003 are treated as the basis for the carrying amounts in these financial statements.

d) Property, plant and equipment (PP&E)

Recognition and measurement

Items of property, plant and equipment are initially measured at cost less accumulated amortization and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- capitalised borrowing costs.

Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period. Fair value is calculated based on valuations performed by independent valuers by nsing the market values and depreciated replacement cost basis, less accumulated depreciation and impairment loss if applicable.

Land, industrial buildings (e.g. nuclear power plants) and administrative buildings are accounted to fair value, based on valuations performed by independent valuers by using the market values and depreciated replacement cost basis, less accumulated depreciation and impairment loss if applicable.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same amonnt previously recognised in profit and loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under item revaluation reserve.

The revaluation surplus included in other comprehensive income in respect of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Machinery, equipment and other assets, less administrative buildings and industrial buildings, are recorded at cost. Items of property, plant and equipment in progress are recorded at purchase cost or construction cost (restated comparative to the measurement unity at 31 December 2003 for property, plant and equipment acqnired before 1 January 2004). In the caption of property, plant and equipment under construction have been included also the buildings and heavy water which will be used by Energonuclear for the construction of Units 3 and 4.

The Nuclear Power Plant Units 1, 2, 3, 4 and 5 were considered as a single project and prior to 1990 the costs incurred were not accounted for separately. In 1991, the Group performed an allocation of these costs to each unit. This allocation represents the cost basis for the assets included within assets under of construction.

Items of spare parts, service equipment and maintenance equipment are recognized as property, plant and equipment under IAS 16 if they meet the definition of property, plant and equipment. All other spare parts are recognized as inventories.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Component accounting for inspection or overhaul costs is used only for major expenditure that occurs at regular intervals over the life of an asset. Ongoing repairs and maintenance is expensed as incurred.

Depreciation
Land is not subject to depreciation as it is deemed to have an indefinite life. Assets under construction are not subject to depreciation.

Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts, from the date the asset is complete and available for use, over their estimated useful lives.

The estimated useful lives are as follows:

	Number of years
Nuclear power plants – Units 1 and 2	30
Heavy water (load for Units 1 and 2)	30
Buildings	45 – 50
Other installations, machinery and equipment	3 - 20

Heavy water (load for Units 1 and 2), nuclear fuel, buildings, machinery and equipment are grouped together in Note 5 under the same heading "Machinery, equipment and other assets".

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The assets' depreciation methods, useful lives and residual value are reviewed at each reporting date, and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income or other operating expenses, in profit or loss. Borrowing costs incurred specifically for the purpose of acquiring or constructing items of property, plant or equipment are capitalised as part of the asset's cost up to the date when all activities necessary to prepare the asset for its intended use or sale are complete.

e) **Intangible assets**

The intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses. The amortization is recognized in profit or loss based on a straight-line basis over the estimated useful life of the intangible asset. Intangible assets consist mainly of customized software, which is amortized on a straight-line basis mainly over 5 years. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

f) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, the assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs reduce the carrying amounts of the other assets in the CGU (group of CGUs).

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreeiation or amortisation, if no impairment loss had been recognised.

g) Inventories

Inventories consist of eonsumables, spare parts which do not meet the recognition criteria as property, plant and equipment, buffer stoek, uranium and other inventories necessary for the aetivity of the Company. These materials are recorded as inventories when purchased and then expensed when consumed.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h) Recognition and derecognition of the non-derivative financial instrnments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the eontractual rights to the eash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in sueh transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial assets are mainly represented by receivables, cash and cash equivalents and bank deposits.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings and trade and other payables.

i) Trade and other receivables

Trade receivables are recognised initially at billing value and subsequently measured using the effective interest method, less an allowance for doubtful debts. An alloawance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, payment delays (more than 360 days overdue) are considered indications that the trade receivable might be impaired.

The amount of the allowance for a financial asset measured at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within other operating expenses.

j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, in current accounts and bank deposits with original maturities of 3 months or less that are subject to an insignificant risk of changes in their fair value. The bank deposits caption in the statement of financial position comprises bank deposits with original maturities higher than 3 months.

k) Share capital

Ordinary shares are classified as equity. Additional costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

l) Legal reserve

Legal reserves represent a rate of 5% from gross profits at the year end until the total legal reserves reach 20% of the nominal share eapital paid in aeeordance with the law. These reserves are deductible for income tax in amount stipulated in the Fiscal Code and are distributable only at the liquidation of the Company. The legal reserve is distributed at balance sheet date. The legal reserve is recorded in "retained earnings" eaption.

m) Prepaid share reserve

The prepaid shares represent cash eontributed by the Company's shareholders in respect of a future share issuance by the Company. When there is no possibility of the prepayment being refunded, so that the Company's obligation is to deliver only a fixed number of shares, then the amount contributed is credited to the prepaid share reserve.

n) Dividends

Dividends are recognizcd as a liability in the period in which their distribution is approved.

o) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised eost using the effective interest method. Accounts payable are classified as current liabilities when payment is due within one year, otherwise they are presented as non-current liabilities.

p) Borrowings

Borrowings are recognised initially at fair valne, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and thc redemption valuc is recognised in profit or loss over the period of the borrowings using the effective interest method.

q) Government grants

Government grants related to purchase of assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and thc Group will comply with the conditions associated with the grant.

Government subsidies that rclates to the acquisition or construction of an asset are recognised in the profit and loss aecount as the related asset is depreciated.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss cxcept to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Cnrrent tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequence that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposure

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

s) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. The provision related to the intermediary storage of spent nuclear fuel is determined as the discounted value of future expenses with the storage of nuclear fuel.

u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, when future economic benefits are probable for the Group and specific criteria have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenues from sale of electricity (either generated by the Company or acquired) are recognised upon delivery of energy to the transmission grid.

v) Finance income and finance costs

Finance income comprises mainly interest income on bank deposits and cash and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise mainly interest expense on borrowings and foreign currency losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

w) Operating segments

An operating segment is identified by IFRS 8 "Operating Segments" as a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the same entity;
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to allocate resources and assess its performance; and
- For which distincte financial information is available.

The management of the Group considers all activities together, as "a single segment".

x) Earnings per share

Earnings per share are calculated by dividing the Group's share of net profit by the weighted average number of shares outstanding over the period. This weighted average number of shares outstanding is the number of ordinary shares at the beginning of the year, adjusted by the number of shares redeemed or issued during the year, multiplied by a weighting factor of time.

Dilution is a reduction in earnings per share or increase of loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions. The objective of diluted earnings per share is correlated with basic earnings per share and provide specific interests of each ordinary share in the entity's performance.

y) Related parties

Related parties are considered related when one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, or significantly influence the other party.

z) Contingencies

Contingent liabilities are not recognised in the accompanying financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

aa) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

bb) Implication of new International Financial Reporting Standards (IFRSs)

During the current year, the Group has applied all the new standards and amendments to Internation Financial Reporting Standards (IFRS), which are relevant for its activities and are effective for the accounting periods starting on January 1, 2014, approved by the European Union. This implementation had no significant effect on the accounting policies of the Company.

IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014 under IFRS-EU)

IFRIC 21 is applicable for annual periods beginning on or after 17 June 2014. The Group must apply IFR 21 starting 1 January 2015 and has decided not to adopt IFRIC 21 at an earlier date. The application of IFRIC 21 is retrospectively and it is applicable to all levies imposed by governments under legislation, other than those covered by other standards (e.g. IAS 12 Income Taxes) and fines or penalties for breach of law.

This interpretation states than an entity recognizes a liability for a levy no earlier than when the activity which triggers the payment, as identified by law, applies. In addition, a liability is accrued on a progressive basis to the extent the activity which triggers the payment occurs over a period of time. When a levy is owed when reaching a minimum level, no liability needs to be recognized before that level is achieved. IFRIC 21 requires the same principles to be applied in the interim financial statements.

The Company estimates that IFRIC 21 will have a significant impact in respect with the timing of recognition for the tax on special constructions and it should also apply retrospectively starting the financial year ended 31 December 2013.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board (IASB), are effective, however only some of them were adopted by the European Union. Management of the Group expects that the adoption of these accounting standards in future periods will not have a significant effect on the financial statements of the Group.

4. DETERMINATION OF FAIR VALUE

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. In determining the fair values of assets and liabilities, the Group uses at the extent possible the observable market values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from priees)
- Level 3: inputs for the asset or liability that are not based on observable market data

For classifieation in the fair value hierarchy see Note 22(e).

Property, plant and equipment
The fair value of industrial buildings is primarily based on eost method eonsidering their particularities.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Nuclear power plants	Machinery, equipment and other assets	Assets under construction	TOTAL
Cost					
Balance as at 1 January 2013	**26.841.645**	**7.431.590.853**	**1.466.635.600**	**2.727.052.582**	**11.652.120.680**
Additions	105.649	-	8.668.370	162.052.882	**170.826.901**
Additions in Units 3&4				5.807.422	**5.807.422**
Transfers	-	57.424.016	164.616.308	(222.040.324)	**-**
Disposals	(148.906)	-	(15.729.420)	-	**(15.878.326)**
Transfer of spare parts	-	-	-	15.221.418	**15.221.418**
Revaluation of admin buildings	-	352.029.197	4.059.470	-	**356.088.667**
Transfer of heavy water to the state's reserve	-	-	-	(1.382.640.479)	**(1.382.640.479)**
Offset of accumulated depreciation on revaluation	-	(1.963.548.888)	(6.893.485)	-	**(1.970.442.373)**
Balance as at 31 December 2013	**26.798.388**	**5.877.495.178**	**1.621.356.843**	**1.305.453.501**	**8.831.103.910**
Balance as at 1 January 2014	**26.798.388**	**5.877.495.178**	**1.621.356.843**	**1.305.453.501**	**8.831.103.910**
Additions	1.890.740	-	6.288.291	156.335.273	**164.514.304**
Additions in Units 3&4	-	-	-	3.997.501	**3.997.501**
Transfers	-	194.699.813	121.209.147	(315.908.960)	**-**
Disposals	-	-	(3.887.640)	(25.785.183)	**(29.672.823)**
Balance as at 31 December 2014	**28.689.128**	**6.072.194.991**	**1.744.966.641**	**1.124.092.132**	**8.969.942.892**
Depreciation and impairment losses					
Balance as at 1 January 2013	**77.758**	**1.665.688.723**	**395.484.494**	**136.980.000**	**2.198.230.975**
Depreciation charge	77.757	297.860.165	89.609.274	-	**387.547.196**
Accumulated depreciation of disposals	-	-	(5.644.388)	-	**(5.644.388)**
Impairment loss for assets under construction	-	-	1.201.100	27.544.102	**28.745.202**
Offset of accumulated depreciation on revaluation	-	(1.963.548.888)	(6.893.485)	-	**(1.970.442.373)**
Balance as at 31 December 2013	**155.515**	**-**	**473.756.995**	**164.524.102**	**638.436.612**
Balance as at 1 January 2014	**155.515**	**-**	**473.756.995**	**164.524.102**	**638.436.612**
Depreciation charge	77.757	334.518.634	97.784.533	-	**432.380.924**
Accumulated depreciation of disposals	-	-	(3.287.889)	-	**(3.287.889)**
Adjustments for impairment loss of assets	-	-	18.714	(25.725.167)	**(25.706.453)**
Balance as at 31 December 2014	**233.272**	**334.518.634**	**568.272.353**	**138.798.935**	**1.041.823.194**
Carrying amounts					
At 1 January 2013	**26.763.887**	**5.765.902.130**	**1.071.151.106**	**2.590.072.582**	**9.453.889.705**
At 31 December 2013	**26.642.873**	**5.877.495.178**	**1.147.599.848**	**1.140.929.399**	**8.192.667.298**
At 31 December 2014	**28.455.856**	**5.737.676.357**	**1.176.694.288**	**985.293.197**	**7.928.119.698**

Machinery, equipment and other assets includes the first load of heavy water used for units 1 and 2, with a carrying amount as at 31 December 2014 of RON 424.243.208 (31 December 2013: RON 444.297.817) and administrative buildings with a net book value as at 31 December 2014 of RON 323.012.331 (31 December 2013: RON 340.006.161).

Revalued amount for property, plant and equipment categories is determined as described below:

- Land is carried at revalued amount determined at 31 December 2009.
- The nuclear power plants 1 and 2 and other industrial buildings included in "Machinery, equipment and other assets" caption and in "Nuclear power plants" caption are carried at revalued amounts; the latest valuation was carried out at 31 December 2013, using the net replacement cost method.
- Administrative buildings included in "Machinery, equipment and other assets" caption are carried at revalued amount, based on valuations performed by an independent valuator (latest at 31 December 2012), using the cost approach and the revenue approach.

As at 31 December 2014, the carrying amount of Units 3 and 4, acknowledged in "Assets under construction" caption is in amount of RON 273.960.000 (31 December 2013: RON 273.960.000). Prior to 1991, nuclear units 1, 2, 3, 4 and 5 were considered as a single project and therefore construction costs incurred were not allocated to every unit. Subsequently, the Group made the allocation of costs for the construction of Units 3 and 4 of the nuclear power plant, as well as for Unit 5.

At 31 December 2014 and 31 December 2013, the heavy water for Units 3 and 4, financed from own sources, is in amount of RON 158.470.146, representing 75 tons. This asset is presented in the "Assets under construction" caption. The total quantity of heavy water required for Units 3 and 4 is of about 1.100 tons.

At 27 November 2014, the representatives of SNN, National Administration of State Reserve and Special Matters (ANRSPS) and RAAN, concluded a transfer protocol for the takeover of the amount of 786.715,78 kg heavy water purchased during 2006-2011 from cash contributions from the state budget in amount of RON 1.382.640.479. The signing of the transfer protocol certifies the free transfer from the patrimony of SNN to ANRSPS, in compliance with GEO 56/2013. As at 31 December 2013, the heavy water that was to be transferred to ANRSPS was presented in the Individual Statement of the Financial Position as «Assets to be transferred » within non-current assets category, while the cash contributions from the state budget were classified as liability related to the transfer of assets within current liabilities.

At 31 December 2013 the Company recognized an impairment adjustment of 100% for Unit 5 because there were no plans to continue its construction. On 31 December 2014 the gross book value of Unit 5 is of RON 136.980.000 (31 December 2013: RON 136.980.000). In March 2014, the shareholders approved the change of destination and use of Unit 5 for other Company's activities.

In 2012, Energonuclear concluded a contract with an independent valuator, Ernst & Young, to provide an approximate value of Units 3 and 4. Ernst & Young issued a valuation report, in accordance with the International Valuation Standards, that provided an estimated market value range of EUR 380 – 539 million (RON 1.627 – RON 2.308 million considering an exchange rate of 4,2821 RON/EUR as at 31 December 2014) for Units 3 and 4.

At 31 July 2014, the Romanian Government approved the Strategy for the continuation of the Project „Cernavoda NPP – Units 3 and 4" („The Project"), through the organization of an investor's selection procedure („The Strategy"). The Strategy was approved by the Extraordinary General Meeting of Shareholders on 22 August 2014.

The Strategy aims to create a mixed company, as per art. 50 of the Law number 137/2022, between SNN and a selected, private investor, respectively a Joint Venture („Joint Venture" or „JV"), where the amount invested by SNN in Energonuclear subsidiary will be transferred. JV represents the company proceeding the IPP type company (Independent Energy Producer – IPP), established for a period of 2 years, duration which can be modified by party's consent, in order to reassess the feasibility of the project within current market conditions, to evaluate the assets and to make a final investment decision for advancing towards the implementation stage of the Project.

On 27 August 2014, the investors selection procedure was launched, and following the qualification stage, completed on 9 September 2014, China General Nuclear Power Corporation was designated the Selected Investor for the development of the "Cernavoda NPP Units 3 and 4" Project. On 17 October 2014 the Joint Letter of Intention to complete the Project was signed. Subsequently, the Romanian party sent to CGN a draft Memorandum of Understanding (« MoU ») – legal document with the purpose of establishing and agreeing the negotiation principles for the Investors Agreement. With respect to the MoU draft, CGN send amendment proposals. In December 2014, an ample consultation process was initiated with the participation of the Romanian authorities in order to establish a common point of view regarding the issues raised by CGN. Subsequently, during March, the position of the Romanian party was presented to CGN, as per the Strategy and negotiations took place in view of signing the MoU. At the issue date of the current financial statements, the MoU has not yet been signed, negotiations being still ongoing.

The main capital expenditures made by the Group during 2014 for projects under development related to Units 1 and 2 include:

- Construction of loading storage facilities for the spent nuclear fuel in amount of RON 26.115.253 (31 December 2013: RON 46.671.608);
- Modernization and expansion of physical protection at CNE Cernavoda in amount of RON 30.157.495 (31 December 2013: RON 21.161.133);
- Enhancement of the nuclear security systems in amount of RON 12.170.196 (31 December 2013: RON 82.889.239);
- D2O Detritiation installation in amount of RON 16.842.183 (31 December 2013: RON 8.491.339).

The main investment objectives put into function in 2014 refer to: improvement of the nuclear safety systems related to Units 1 and 2 in amount of RON 194.699.813, Intermediary Spent Fuel Repository – DICA module 6 in amount of RON 7.081.810, Intermediary Spent Fuel Repository – DICA module 7 in amount of RON 7.946.644 and the spent nuclear fuel charging station (SICA) Unit 2 – installation in amount of RON 79.784.141.

At 31 December 2014, the accounting value of the assets under construction related to Units 3 and 4 is in amount of RON 653.360.812 (31 December 2013: RON 654.333.125), including the investments made by Energonuclear (see Note 19). At 31 December 2014, the difference remaining up to RON 985.293.197 (31 December 2013: RON 1.140.929.399) represents assets under construction related to Units 1 and 2 such as : construction of storage spaces and charging of spent nuclear fuel (DICA) in amount of RON 20.762.036 (31 December 2013: RON 93.956.727), D2O Detritiation installation in amount of RON 60.452.066 (31 December 2013: RON 43.609.883), modernization and extension of the physical protection system in amount of RON 47.449.557 (31 December 2013: RON 17.208.528), improvement of the nuclear safety systems in amount of RON 15.888.801 (31 December 2013: RON 184.248.672) and the prepayments made to property, plant and equipment suppliers amounting RON 19.660.501 (31 December 2013: RON 11.567.493).

At 31 December 2014, the Group purchased property, plant and equipment on suppliers' credit in amount of RON 50.498.323 (31 December 2013: RON 66.315.533).

Decommissioning of nuclear power plants

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning for these two units, due to the fact it is not responsible for the decommissioning. According to Government decision no. 1080/5 September 2007, the Nuclear Agency and Radioactive Waste (ANDR) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of useful lives of the units, and also for the permanent storage of the resulting waste (see Note 17). The value of the contributions paid by the Group in 2014 to ANDR is RON 95.560.384 (2013: RON 94.795.297).

Assets pledged as security

As at 31 December 2014, respectively 31 December 2013, the Group has not pledged or mortgaged assets.

6. INTANGIBLE ASSETS

	Licence and acquired software	Power plant software	Intangible assets in progress	TOTAL
Cost				
Balance as at 1 January 2013	**46.540.212**	**83.396.194**	**52.902.462**	**182.838.867**
Additions	9.685.490	1.951.455	15.568.706	**27.205.651**
Transfers	-	434.504	(434.504)	**-**
Disposals	(55.096)	(15.821)	-	**(70.917)**
Balance as at 31 December 2013	**56.170.606**	**85.766.332**	**68.036.664**	**209.973.601**
Balance as at 1 January 2014	**56.170.606**	**85.766.332**	**68.036.664**	**209.973.601**
Additions	2.199.056	55.428.802	11.957.696	**69.585.554**
Transfers	-	-	-	**-**
Disposals	(500.628)	(9.645)	(53.666.194)	**(54.176.467)**
Balance as at 31 December 2014	**57.869.034**	**141.185.489**	**26.328.165**	**225.382.687**
Accumulated amortisation				
Balance as at 1 January 2013	**42.457.062**	**51.203.444**	**-**	**93.660.506**
Amortisation for the year	6.081.947	12.440.757	-	**18.522.704**
Accumulated amortisation of disposals	(54.915)	(15.821)	-	**(70.736)**
Balance as at 31 December 2013	**48.484.094**	**63.628.381**	**-**	**112.112.474**
Balance as at 1 January 2014	**48.484.094**	**63.628.381**	**-**	**112.112.474**
Amortisation for the year	6.821.876	12.376.771	-	**19.198.647**
Accumulated amortisation of disposals	(498.070)	(9.645)	-	**(507.714)**
Balance as at 31 December 2014	**54.807.900**	**75.995.507**	**-**	**130.803.407**
Carrying amounts				
At 1 January 2013	**4.083.150**	**32.192.750**	**52.902.462**	**89.178.361**
At 31 December 2013	**7.686.512**	**22.137.951**	**68.036.665**	**97.861.128**
At 31 December 2014	**3.061.134**	**65.189.982**	**26.328.165**	**94.579.281**

Intangible assets in progress include software for integrated management in amount of RON 26.262.901 as at 31 December 2014 (31 December 2013: RON 65.357.772). The software for integrated management is achieved in stages, by modules, the management of the Group having the intention of completing the intangible assets in progress for which there are financial resources available.

7. INVENTORIES

As at 31 December 2014 and 31 December 2013 inventories are as follows:

	31 December 2014	31 December 2013
Spare parts	209.795.452	212.235.446
Materials and supplies	56.023.769	63.836.706
Nuclear fuel	86.684.880	84.972.997
Uranium	36.379.148	18.487.562
Other inventories	8.781.125	6.764.157
Total	**397.664.374**	**386.296.868**

8. TRADE AND OTHER RECEIVABLES

As at 31 December 2014 and 31 December 2012 trade and other receivables are as follows:

	31 December 2014	31 December 2013
Trade receivables	176.034.614	100.178.753
Trade receivables allowance	(14.132.449)	(14.203.561)
Other receivables	33.674.604	64.151.574
Other receivables allowance	(3.254.200)	(2.500.647)
VAT recoverable	47.994.857	49.740.526
Total	**240.317.426**	**197.366.645**

As at 31 December 2014, significant trade receivables are from: Electrica Furnizare SA – RON 35.612.769 (31 December 2013: RON 18.607.512), Tinmar – Ind – RON 18.021.019 (31 December 2013: RON 0), Enel Energie Muntenia SA – RON 35.297.640 (31 December 2013: RON 9.605.618), Enel Energie SA – RON 26.110.384 (31 December 2013: RON 21.902.808), CEZ Vanzare SA – RON 11.970.586 (31 December 2013: RON 19.166.438), EON Energie Romania SA – RON 9.669.875 (31 December 2013: RON 4.129.380). The sales to Electrica Furnizare in 2014 represented approximately 22% (2013: 25%) of the total sales of the Group, while the sales to Euel Energie Muntenia S.A. in 2014 represented 13% (2013: 6%), and those to Enel Energie S.A. represented 11% (2013: 17%).

In 2014, the Group has collected the trade reeeivable in amount of de RON 11.249.674 it had at 31 December 2013 from Hidroelectrica S.A. As at 31 December 2014, the Group has not trade receivables from Hidroelectrica, however other reeeivables from Hidroeleetrica amount to RON 17.523.388 (31 December 2013: RON 41.320.489). In June 2013, the Group and Hidroelectrica signed a rescheduling agreement through which Hidroelectrica eommitted to pay the entire debt in 24 equal instalments, the amount of the monthly instalment being RON 2.920.564. Until the issue date of these consolidated financial statements, the convention has honoured by Hidroelectrica.

The Group's management estimates that this receivable will be collected as Hidroelectrica paid, until the date of these consolidated financial statements, all the due instalments according to the agreement and there were no indications that the eurrent financial position of Hidroelectrica does not enable payment of the debt.

The Group's exposure to credit and market risks, and impairment losses related to trade receivables are disclosed in Note 22.

As at 31 December 2014 the eaption "Trade receivables" comprises the amount of RON 36.359.683 representing trade receivables from related parties (31 December 2013: RON 39.245.128). As at 31 December 2014 the caption "Other receivables" comprises the amount of RON 17.790.067 including other receivables from related parties (31 December 2013: RON 41.320.489).

9. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

As at 31 December 2014 and 31 December 2013 cash and cash equivalents and bank deposits are as follows:

	31 December 2014	31 December 2013
Cash at bank in RON	1.155.130.855	748.299.295
Cash at bank in foreign currency	3.728.829	2.948.317
Total cash and cash equivalents and bank deposits	**1.158.859.684**	**751.247.612**

As at 31 December 2014 the caption "Bank deposits" comprises the amount of RON 31.442.715 related to letters of guarantees issued by different banks in favour of the Group for which cash was put as collateral, having a maturity of over a year. (31 December 2013: RON 26.798.315).

10. EQUITY

Share capital

The Company was formed by separation from the former RENEL. The share capital represents the State contribution at the formation of the Company on 30 June 1998 (restated for inflation to 31 December 2003), plus subsequent contributions.

As at 31 December 2014, the share capital includes the effect of restatements relating to prior periods, in compliance with the application IAS 29 "Financial Reporting in Hyperinflationary Economies", as described in Note 3c).

The reconciliation of share capital is as follows:

	31 December 2014	31 December 2013
Statutory share capital (nominal value)	2.817.827.560	2.817.827.560
Restatement difference in accordance with IAS 29	195.502.743	195.502.743
Restated share capital balance	**3.013.330.303**	**3.013.330.303**

The value of the statutory subscribed and paid share capital is of RON 2.817.827.560 as at 31 December 2014, respectively as at 31 December 2013, consisting of 281.782.756 ordinary shares each with the nominal value of RON 10.

The shareholders' structure as at 31 December 2014 and 31 December 2013 is as follows:

Shareholders	Number of issued shares	% of share capital
The Romanian State through the Ministry of Energy, IMM and Business Environment	229.006.139	81,2705%
Fondul Proprietatea SA	27.408.381	9,7270%
Other investors	25.368.236	9,0025%
TOTAL	**281.782.756**	**100%**

At 31 December 2013, the Romanian State was represented as shareholder by the Ministry of Economy, Department for Energy.

Share premiums

In November 2013, the Company issued 28.100.395 shares on the Bucharest Stock Exehange, through an initial public offering and though the shareholder Fondul Proprietatea S.A exercised right preference. The collected amount of RON 312.478.099 is made of share capital increase of RON 281.003.950 and a share premium of RON 31.474.149.

Prepaid share reserve

Prepaid share reserve of RON 217.820.977 as at 31 December 2014 (31 December 2013: RON 215.930.237) represents mainly cash contributions from State Budget towards the Company during 2006-2009 for the construction of nuclear Unit 2 and the completion of works on Units 3-5 of Cernavoda NPP in amount of RON 194.376.700 (31 December 2013: RON 194.376.700), public utilities of Cernavoda NPP (RON 5.439.321 as at 31 December 2013 and 31 December 2014), state budget allocations during 2007-2011 for the construction of the Training and Leisure Centre for Youth and Children in Cernavoda (RON 16.114.216 as at 31 December 2013 and 31 December 2014), as well as the value of a land plot received for free in amount of RON 1.890.740 (31 December 2013: RON 0).

Through the Resolution no. 8/06.10.2014 of the Extraordinary General Meeting of Shareholders („EGMS") approved SNN's capital increase by cash contributions from the state budget during 2006-2009. The share capital increase was completed on 04.02.2015, in compliance with the Prospectus approved by the Board of Directors of SNN through the Resolution no. 174/02.12.2014 and by the Financial Supervisory Authority through the Resolution no. 2246/23.12.2014, which granted the minority shareholders the right to exercise their preference right.

In February 2014, the Company obtained the title deeds for a land plot received for free from the Ministry of Economy. The Company will issue new shares in order to inerease the share capital with the value of the land. The fair value of the land is of RON 1.890.740. Until the issue date of these financial statements, the Extraordinary General Meeting of Shareholders was approved the ineeption of proceedings regarding share eapital increase contributed in kind.

In December 2014, the number of new shares which can be issued for the prepaid share reserve is of 19.626.744 shares (31 December 2013: 19.437.670 shares).

Revaluation reserves

At 31 December 2014 the revaluation reserve is of RON 1.770.574.705. The Group registered starting with April 1st, 2009 a liability regarding the deferred tax for the revaluation reserve (see Note 13).

Retained earnings

Retained earnings represent the accumulated results of the Group. The retained earnings are distributable based on the financial statements prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 and related amendments, applicable for companies of whose securities are traded on a regulated market.

During 2014, the Group distributed dividends in amount of RON 340.957.135 (31 December 2013: RON 28.490.598). The gross undistributed dividends as at 31 December 2014 are in amount of RON 457.076.

11. BORROWINGS

The reimbursement of borrowings during the financial year ended at 31 December 2014 were as follows:

	Currency	Interest rate	Value	Due date
Balance at 1 January 2014			**1.946.646.914**	
New drawdowns			-	
Reimbursements, out of which			**(217.050.422)**	
Societe Generale - ALSTOM BC	EUR	EURIBOR+0,450%	(4.703.106)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR+0,450%	(33.919.555)	2022
Societe Generale - AECL BC	CAD	CDOR+0,375%	(66.680.374)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR+0,450%	(5.907.960)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0,070%	(9.553.254)	2017
EURATOM	EUR	EURIBOR+0,08%	(44.358.500)	2024
BCR	RON	BUBOR-1,1%	(51.927.673)	2014
Currency exchange differences			**22.375.771**	
Balance at 31 December 2014			**1.751.972.263**	

(i) Long term borrowings

As at 31 December 2014 and 31 December 2013, the long term borrowings are as follows:

	31 December 2014	31 December 2013
Societe Generale - ALSTOM BC (a)	11.945.526	16.733.437
Societe Generale - ANSALDO BC (b)	258.459.148	293.090.286
Societe Generale - AECL BC (c)	521.786.542	567.934.833
Societe Generale - NEXANS BC (d)	15.005.761	21.020.252
Societe Generale - GENERAL ELECTRIC (e)	32.667.936	38.456.981
EURATOM (f)	912.107.350	957.483.450
BCR (g)	-	51.927.675
Total long term borrowings	**1.751.972.263**	**1.946.646.914**
Less: Current amount of the long term borrowings	**(210.862.486)**	**(210.644.364)**
Less: Transaction costs for obtaining the loans (long term)	**(44.918.135)**	**(60.574.928)**
Total long term loans, net of current amounts	**1.496.191.642**	**1.675.427.622**

Long term loans are detailed as follows:

a) Loan from Societe Generale – ALSTOM

The loan was granted by Societe Generale to the Company in 2002. The face value of the loan is EUR 10,7 million. As at 31 December 2014 the outstanding amount is of EUR 2,67 million (31 December 2013: EUR 3,73 million). Repayment is scheduled over 11 years in 20 instalments from December 2007 until June 2017. The loan bears a variable interest rate of six months EURIBOR plus 0,45% margin. The loan is guaranteed by the Romanian Government through the Ministry of Public Finance.

b) Loan from Societe Generale – ANSALDO

The loan was granted by Societe Generale to the Company in 2002. The face value of the loan is EUR 115,3 million. As at 31 December 2014 the total amount outstanding is EUR 57,66 million (31 December 2013: 65,35 million EUR). Repayment is scheduled over 16 years, in 30 instalments from December 2007 until June 2022. The loan bears a variable interest rate of six months EURIBOR plus 0,45% margin for the first 15 years, and six months EURIBOR plus 0,7% for the remaining period. The loan is guaranteed by the Romanian Government through the Ministry of Public Finance.

c) Loan from Societe Generale – AECL

The loan was granted by Societe Generale to the Company in 2002. The face value of the loan is CAD 327,8 million. As at 31 December 2014 the outstanding amount is of CAD 163,9 million (31 December 2013: CAD 185,8 million). Repayment is scheduled over 16 years, in 30 instalments from December 2007 until June 2022. The loan bears a variable interest rate of six months CDOR plus 0,375% margin. The loan is guaranteed by the Romanian Government through the Ministry of Public Finance.

d) Loan from Societe Generale – NEXANS

The loan was granted by Societe Generale to the Company in 2002. The face value of the loan is EUR 13,4 million. As at 31 December 2014 the outstanding amount is EUR 3,35 million (31 Deeember 2013: 4,68 million EUR). Repayment is scheduled over 11 years, in 20 instalments from December 2007 until June 2017. The loan bears a variable interest rate of six months EURIBOR plus 0,45% margin. The loan is guaranteed by the Romanian Government through the Ministry of Public Finance.

e) Loan from Societe Generale – GENERAL ELECTRIC

The loan was granted by Societe Generale to the Company in 2003. The face value of the loan is USD 29,5 million. As at 31 December 2014 the outstanding amount is USD 8,9 million (31 December 2013: USD 11,8 million). Repayment is seheduled over 10 years, in 20 instalments from January 2008 until July 2017. The loan bears a variable interest rate of six months LIBOR plus 0,07% margin. The loan is guaranteed by the Romanian Government through the Ministry of Publie Finance.

f) Loan from EURATOM

The loan was granted by Euratom to the Company in 2004. The face value of the loan is EUR 223,5 million. As at 31 December 2014 the outstanding amount is EUR 203,5 million (31 December 2013: EUR 213,5 million), having three parts: (i) first part with an outstanding amount of EUR 80 million (31 Deeember 2013: EUR 90 million); (ii) the second part with an outstanding amount of EUR 90 million (31 December 2013: EUR 90 million) and (iii) the third part with an outstanding amount of EUR 33,5 million (31 December 2013: EUR 33,5 million). The first part is to be reimbursed in 20 instalments during 2013 – 2022, the second one is to be reimbursed in 20 instalments between 2015-2024 and the third one is to be reimbursed in 16 instalments between 2017 and 2024. The loan bears a variable interest rate of six months EURIBOR plus 0,08% margin for the first two parts and six months EURIBOR plus 0,079% for the third part. The loan is guaranteed by the Romanian Government through the Ministry of Publie Finance.

The loan agreement includes certain financial covenants: (i) the debt service ratio should be no less than 1,5; (ii) the gearing ratio should be no greater than 2; (iii) the income received by the borrower should be sufficient to cover all costs of operation and maintenance of Units 1 and 2 and the debt service in connection with Units 1 and 2.

These financial indicators should be determined based on the financial statements prepared in accordance with IFRS. The financial covenants applicable to the EURATOM loan are met by the Company as at 31 December 2014 and 31 December 2013.

g) Loan from BCR

The loan contracted from the Ministry of Public Finance in 2007 was made available to the Company through the Romanian Commercial Bank (BCR). The face value of the loan is RON 285,6 million. The loan was completely reimbursed during 2014 (31 December 2013: RON 51.927.674). The loan bore a variable interest rate of six months BUBOR less a margin of 1,1%.

All the loans contracted by the Company were used for investments in Unit 2.

The Company has not entered into any hedging arrangement against risks regarding obligations in foreign currency or interest rate exposure. The fair value of long-term loans, which was estimated by discounting the future contractual cash flows using current market interest rate available for similar financial instruments do not differ significantly from the values mentioned above.

Guarantees

The loans with foreign banks from Société Générale („SG") and EURATOM are guaranteed by the Romanian Government through the Ministry of Public Finance. In addition, the loans from SG are guaranteed by external insurers (COFACE, SACE, EDC and Eximbank-New York) and promissory notes issued by the Company in the lender's favour.

(ii) Short term borrowings

As at 31 December 2014 and 31 December 2013 the short term borrowings are as follows:

	31 December 2014	31 December 2013
Current portion of the long term borrowings	210.862.486	210.644.364
Accrued interest related to long term borrowings	1.646.170	2.141.149
Short term transaction costs	(7.828.396)	-
Total short term borrowings	**204.680.260**	**212.785.513**

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at 31 December 2014 and 31 December 2013, trade and other liabilities are as follows:

	31 December 2014	31 December 2013
Property, plant and equipment suppliers	50.498.323	66.315.533
Trade payables	137.861.625	130.375.716
Payables to employees	13.383.266	12.779.571
Payables to State	22.829.373	22.375.536
Dividends	457.076	-
Other payables	19.606.622	11.403.625
Total	**244.636.285**	**243.249.981**

As at 31 December 2014, the main outstanding suppliers are: CN Transeleetrica SA – RON 34.776.622 (31 December 2013: RON 33.977.666), General Electrie – RON 16.285.814 (31 Deeember 2013: RON 2.765.882), UTI Group SA – RON 13.325.979 (31 December 2013: RON 4.296.242) and Candu Energy Ine – RON 12.368.137 (31 December 2013: RON 38.860.218).

As at 31 December 2014 the caption "Property, plant and equipment suppliers" eomprises an amount of RON 3.619.192 representing liabilities to related parties (31 Deeember 2013: RON 8.372.625). As at 31 December 2014 the caption "Trade payables" includes an amount of RON 50.256.134 in connection with related parties (31 December 2013: RON 45.818.350).

13. INCOME TAXES

Tax recognized in profit or loss:

	2014	2013
Current tax expense	31.977.296	103.409.040
Deferred tax release	(10.686.446)	(13.749.573)
Total	**21.290.850**	**89.659.467**

At 31 December 2013, the Group recognized an expense of 62.662.755 RON in "Other comprehensive ineome" regarding the deferred tax for revaluation reserve related to industrial buildings which are taxed simultaneously with the deduction of the fiseal amortisation, respectively when the assets are disposed. At 31 Deeember 2014, no such expenses were registered.

The deferred tax assets and liabilities are measured at 31 December 2014 and 31 December 2013 at the effective tax rate of 16%, representing the currently enacted tax rate.

Reconciliation of the effective tax rate:

	2014	2013
Profit before income tax	**152.705.666**	**516.515.009**
Income tax at statutory rate of 16%	24.432.907	82.642.401
Effect of non-deductible expenses	5.617.879	9.702.035
Taxed revaluation reserve	8.915.537	4.379.893
Effect of tax exempt income	(6.806.545)	6.891.645
Deferred tax release	(10.686.446)	(13.749.573)
Reinvested profit	(86.913)	
Effect of other differences	(95.569)	(206.934)
Income tax expense	**21.290.850**	**89.659.467**

Deferred tax consists of the following

31 December 2014	Assets	Liabilities	Net
PPE&E		191.142.705	191.142.705
Intangible assets		146.666	146.666
Inventories		11.682.174	11.682.174
Employee benefits	(4.805.478)		(4.805.478)
Employees participation to profit	(418.944)		(418.944)
Administrators remuneration	(148.156)		(148.156)
Net tax (assets)/liabilities	**(5.372.578)**	**202.971.545**	**197.598.967**

31 December 2013	Assets	Liabilities	Net
PPE&E	-	200.581.397	200.581.397
Inventories	-	11.897.221	11.897.221
Employee benefits	(4.193.205)	-	(4.193.205)
Net tax (assets)/liabilities	**(4.193.205)**	**212.478.618**	**208.285.413**

Movement in deferred tax balances during 2013 and 2014 are as follows:

	Balance 1 January 2013	Deferred Tax recognised in profit or loss	Deferred tax recognised directly in AERG	Balance 31 December 2013	Deferred Tax recognised in profit or loss	Deferred tax recognised directly in AERG	Balance at 31 December 2014
PPE&E	151.299.575	(13.380.933)	62.662.755	200.581.397	(9.438.692)	-	191.142.705
Intangible assets	-	-	-	-	146.666	-	146.666
Inventories	11.462.980	434.241	-	11.897.221	(215.047)	-	11.682.174
Employee benefits	(3.390.323)	(802.882)	-	(4.193.205)	(612.273)	-	(4.805.478)
Employees participation to profit	-	-	-	-	(418.944)	-	(418.944)
Administrators remuneration	-	-	-	-	(148.156)	-	(148.156)
Net tax (assets)/liabilities	**159.372.232**	**(13.749.574)**	**62.662.755**	**208.285.413**	**(10.686.446)**	**-**	**197.598.967**

14. EMPLOYEE BENEFITS

	31 December 2014	31 December 2013
Retirement bonuses	21.484.518	16.706.610
Jubilee bonuses	9.497.225	9.500.917
Death in service benefits	2.285.377	-
Total	**33.267.120**	**26.207.527**

As at 31 December 2014 the Company has the obligation to pay retirement bonuses, 2 or 3 gross salaries, based on the length of service within the energy sector at the retirement date (defined benefit plan) and jubilee bonuses based on the length of service within the energy sector (other long term employee benefits).

As at 31 December 2014, the "employee benefits" category also ineludes the "death in service benefits" due to the fact that the calculation principle of IAS 19 require the reduction of the company's obligations of "retirement bonuses" due to employee's mortality along with the recognition of these obligations.

The following assumptions had been taken into account for the application of IAS 19 "Employee benefits" as at 31 December 2014 and 31 December 2013:

Valuation date	31 December 2014	31 December 2013
Number of employees	2.088	2.106
Salary increase rate	2,2% for 2015, 2,7% for 2016, 2,5% for 2017 and after that the increase with inflation rate of 3% per year	0% for 2014 and 2015 and after that the increase with inflation rate of 3% per year
Average real yield	2,2%	2,8%
Mortality table	Mortality rates from Romania 2009-2010	Mortality rates from Romania 2009-2010
Average gross salary	5.405	5.388

The following assumptions were taken into account:

- The average real yield is calculated based on the expected inflation rate and on the nominal yield of government bonds on the active market as at December 2014 for residual durations until maturity of 1-10 years and 12 years.
- The mortality table is as per the National Statistics Institute.

15. SALES OF ELECTRICITY

(i) Revenues from electricity sales

	2014	2013
Sales of electricity on regulated market	561.837.115	753.765.846
Sales of electricity on free market	1.121.194.651	1.071.948.302
Sales of thermal power	2.048.812	-
Revenues from cogeneration contribution	-	2.026.490
Revenues from green certificates	269.806	1.446.738
Total	**1.685.350.384**	**1.829.187.376**

(ii) Quantity sold

	2014	2013
Quantity of energy sold on regulated market (MWh)	3.742.440	5.308.173
Quantity of energy sold on free market (MWh)	7.101.342	5.679.598
	10.843.782	**10.987.771**

The Company participates on the balancing market and is also a Responsible Party for the balancing of the market in compliance with the conventions concluded with the transport system operator Transelectrica SA. The presented quantity of energy sold does not include the quantity of energy related to positive imbalances capitalized on the Balancing Market, in amount of 32.022 MWh for the year 2014 (25.228 MWh in the year 2013).

The Company produces thermal energy through the use of the energy capacities related to the electric and thermal production units consisting of two heat exchangers with a total thermal power of 40 Gcal/h and 46,51 MW. The Company supplies thermal power to the local distribution company, SC Utilitati Publice SA Cernavoda, as well as to certain end consumers in Cernavoda – commercial entities, social and cultural institutions. The thermal power sales in 2014 are in amount of RON 2.048.812 (31 December 2013: RON 1.648.633, amount which was included in the „Sales of electricity on free market" position).

In accordance with the Electricity Law 123/2012, the electricity sector is regulated by the National Agency for Electricity Sector Regulation ("ANRE"), an autonomous public institution. ANRE establishes the tariffs to be used by the Company for selling electricity on the regulated market and also the related quantities.

16. OTHER OPERATING EXPENSES

	2014	2013
Third party services	95.492.504	114.416.455
Expenses with ANDR	95.560.384	94.795.297
Energy and water	76.068.338	78.885.161
Fuels, lubricants and other consumables	38.865.028	33.521.900
Insurance	11.716.328	12.641.785
Transportation and telecommunication	7.480.607	7.833.669
Tax on special constructions	89.398.570	-
Other operating expenses	71.807.555	60.076.528
Total	**486.389.314**	**402.170.795**

Expenses with ANDR

Starting with 2007, as per the Government's Decision 1080/5 September 2007 regarding the safe management of radioactive waste and the decommissioning of nuclear installations, the Group is obliged to pay two types of contributions to ANDR:

- Contribution for the decommissioning of each nuclear units in the amount of 0,6 EUR/MWh net power produced and delivered into the system;
- Contribution for the final disposal of the radioactive waste in the amount of 1,4 EUR/MWh net power produced and delivered into the system.

In compliance with this Law, the annual contribution for decommissioning is paid over the projected useful life of nuclear units and the direct annual contribution for the permanent storage is paid over the operational period of the nuclear units, and consequently, ANDR assumes responsibility for managing the entire decommissioning process, at the end of the useful life of the nuclear power plant and the storage of resulting waste.

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

„Other operating expenses" include expenses related to write-off for assets amounting of RON 25.785.183 (31 December 2013: RON 902.972), as well as different taxes and provisions.

17. FINANCE INCOME AND FINANCE COSTS

	2014	2013
Interest income	29.667.275	41.642.973
Foreign exchange gains	67.128.542	188.083.758
Finance income	**96.795.817**	**229.726.731**
Foreign exchange losses	(92.966.653)	(143.016.723)
Interest expense	(24.926.715)	(29.522.603)
Finance costs	**(117.893.368)**	**(172.539.326)**
Net finance(Costs)/Income	**(21.097.551)**	**57.187.405**

18. OTHER INCOME

	2014	2013
Income from investment subsidies	14.381.193	14.386.437
Income from compensations, fines and penalties	1.579.812	104.591.378
Other income	3.679.153	10.708.790
Total	**19.640.158**	**129.686.605**

In 2013, other income is represented mainly by penalties charged to customers who have requested the cessation of electricity sale contracts in amount of RON 45.153.615 and penalties approved by the Bucharest Court of Appeal in amount of RON 41.163.421 in the case of insolvency of Hidroelectrica SA and also considering the reschedule agreement signed with Hidroelectrica in June 2013 (see Note 8). In 2014, the income from penalties is in amount of RON 1.579.812.

The investment subsidies (Deferred income long term) granted in 2007 consisted of cancellation penalties and liabilities related to loan contracts. The subsidies are recorded in the profit and loss account as income during 2007-2026, for the remaining 20 years of useful life of Unit 1.

19. GROUP ENTITIES

The Group companies and the percentage of ownership exercised by the Company are as follows:

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

Entity	Country of origin	31 December 2014 value of shares	31 December 2013 value of shares
Energonuclear	Romania	141.666.101	123.718.516

As at 31 December 2014, the Company owns 100% of the share capital of Energonuclear SA. Other shareholders in Energonuclear SA at 31 December 2013:

- Arcelor Mittal Galati S.A. – 6,20%;
- Enel Investment Holding BV – 9,15%;

In December 2013, the minority shareholders of Energonuclear - Enel Investment Holding B.V. and ArcelorMittal Galati S.A. holding together 15,35% of the share capital, decided to exercise their put option. Nuclearelectrica bought these shares in January 2014 for a total amount of RON 17.947.585.

Continuance of Energonuclear SA

At 31 December 2014, there are uncertainties regarding Energonuclear' ability to continue as a going concern. The operations of Energonuclear related to Units 3 and 4 depend on the successful completion of the investors' selection procedure, in compliance with the Strategy approved in July 2014 by the Romanian Government (see note 5). The Strategy provides that subsequent to the initial phase of the JV establishment, the recoverability under the provisions of the law of SNN's investment in Energonuclear will be considered, aiming mainly that SNN still holds a participation in the JV, other than the initial contributions, and to protect its investment in Energonuclear.

At the same time, the approved Strategy for the continuation of the Project, envisages the exploitation of existing assets, which have a considerable value, and are publically owned – heavy water and Uranium octoxide - and those in the patrimony of the Company – land, building, equipment, etc. – and of Energonuclear, under the provisions of the law. The heavy water inventory and the first load of nuclear fuel will be supplied locally, by the Romanian state and SNN, in compliance with the Strategy.

In the context of the new European energy and environment policy for the time frame 2030, nuclear power is a sustainable alternative for meeting the ambitious goals of reducing greenhouse gas emissions, ensuring at the same time the security of supply and maintaining a reasonable cost for end consumers as well as contributing to the energy independence of the country. In this context, the completion of the Project Cernavoda NPP Units 3 and 4 represents a priority objective for the development of the energy sector, included in the national energy strategy for 2007-2020, approved through the Government Decision number 1069/2007.

The support of the Romanian Government for the Project Units 3 and 4 is enforced by measures currently under different analysis stages, aimed to foster investment interest for energy projects based on law carbon emissions technologies:

- Promoting of an adequate legal framework in order to secure energy sales and increase the predictability of return of investments in large energy generation capacities with low carbon emissions, in compliance with the provisions of the European legislation.
- The possibility of using the state guarantee as an instrument necessary for securing financing of large energy infrastructure projects.

Considering the above, as well as the status of the negotiations with the Selected Investor for the development of the Project „Cernavoda NPP Units 3 and 4", the management of the Company is confident that the project developed by Energonuclear will continue in the future and there will be a future demand for energy that is going to be produced by Units 3 and 4. Thus, the management of the Company is confident that the investment in Energonuclear SA will be recovered, according to the Strategy.

The estimated cost for the construction of Units 3 and 4 is approximately EUR 6,5 billion as per a feasibility study updated in 2012 by Ernst & Young.

20. TRANSACTIONS WITH RELATED PARTIES

i) Transactions with state owned companies

The Group operates in an economic environment dominated by entities directly controlled by the Romanian Government through its government authorities and agencies, collectively referred to as state-owned companies.

The Group had significant transactions with other state-owned companies: sales of electricity (Electrica Furnizare, OPCOM), purchase of energy transmission services and balancing services (CN Transelectrica SA) and purchases of uranium (National Uranium Company).

During its activity, the Group identified the following transactions and balances with the main related parties:

	Sales		Receivables as at	
	2014	**2013**	**31 December 2014**	**31 December 2013**
Electrica Furnizare	394.684.989	517.766.456	36.964.225	18.607.512
OPCOM	149.773.797	103.803.598	289.536	267.803
FDEE Electrica Distributie Muntenia Nord	-	49.480.172	-	-
RAAN	-	-	-	7.825.064
Complexul Energetic Oltenia	-	17.087.881	-	-
Transelectrica	1.154.692	21.025.100	114.674	153.890
Hidroelectrica	-	41.163.421	17.649.031	52.570.163
Total	**545.613.478**	**750.326.628**	**55.017.466**	**79.424.432**

	Purchases		Payables as at	
	2014	**2013**	**31 December 2014**	**31 December 2013**
Transelectrica	134.433.827	155.425.021	34.787.974	33.977.666
Compania Nationala a Uraniului	111.164.742	98.173.839	901.692	172.321
Apele Romane Bucuresti	58.268.779	59.173.792	6.332.098	6.270.494
Apele Romane Constanta	10.940.294	10.840.207	1.283.797	1.199.438
Electrica Furnizare	139.674	808.767	5.343	-
ICSI RM.VALCEA	16.127.402	8.551.258	6.172.544	9.182.119
RATEN ICN	5.110.495	5.541.250	1.812.977	2.237.430
OPCOM	4.931.004	25.062.766	199.299	-
CNCAN	9.308.239	9.832.410	-	-
ANDR	95.455.354	94.795.297	10.169.810	-
Total	**445.907.377**	**468.204.607**	**61.665.534**	**53.039.468**

ii) Guarantees received from the Romanian Government through the Ministry of Public Finance

All the loans are guaranteed by the Romanian State through the Ministry of Public Finance (see Note 11).

iii) Compensation to key management personnel of the Group

The management of the Group is made up of:

- The members of the Board of Directors who have concluded mandate contracts with the Company;
- The managers of the Company with mandate contracts within the Group
- Other managers within the Group who have concluded individual work agreements, under the conditions provided in the collective work agreements.

The members of the Board of Directors have concluded administration (mandate) contracts with the Company, their remuneration being approved by the General Meeting of Shareholders. The managers with mandate contracts are remunerated on the basis of the contractual provisions within the general limits approved by the GMS. Detailed information regarding the remuneration of the administrators and managers are included in the Annual Report of the Nomination and Remuneration Committee, established at the level of the Board of Directors.

	2014	**2013**
Remuneration of the management of the Company	5.975.808	4.491.563
	5.975.808	**4.491.563**

21. EARNINGS PER SHARE

As at 31 December 2014 and 31 December 2013 the earnings per share were as follows:

(i) Basic earnings per share

	2014	2013
Net profit for the year	**131.414.816**	**427.047.838**
Number of ordinary shares at the beginning of the year	281.782.756	253.682.361
Number of ordinary shares issued in November 2013	-	28.100.395
Weighted-average number of ordinary shares at 31 December	**281.782.756**	**258.365.760**
Basic earnings per share (RON/share)	**0,47**	**1,65**

(ii) Diluted earnings per share

	2014	2013
Net profit for the year	**131.414.816**	**427.047.838**
Number of ordinary shares at the beginning of the year	281.782.756	253.682.361
Number of ordinary shares issued during the year	-	28.100.395
Weighted-average number of ordinary shares at 31 December (a)	281.782.756	258.365.760
No of shares corresponding to the prepaid share reserve (b) (see Note 10)	19.626.744	19.437.670
Weighted-average number of ordinary shares (diluted) at 31 December (a) + (b)	**301.409.500**	**277.803.430**
Diluted earnings per share (RON/share)	**0,44**	**1,54**

22. RISK MANAGEMENT

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk and currency risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group does not have formal arrangements to mitigate financial risks. Despite the fact that no formal arrangements are in place, the financial risks are monitored by top level management considering the financial needs of the Group in order to manage efficiently the opportunities and risks. The financial department prepares daily cash flow forecasts which help the management in the process of taking decision.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

The Group may be exposed to the changes in the foreign exchange rates through cash and cash equivalents, prepayments, long term borrowings and payables denominated in foreign currencies.

The Group's functional currency is RON. The Group is exposed to foreign currency risk on eash and cash equivalents, o purchases long term and borrowings denominated in other currency than the funetional curreney of the Group. The currencies giving rise to this risk are primarily EUR, USD, CAD and GBP. The long-term borrowings are denominated in foreign currencies and retranslated to RON, at the exchange rate prevailing at the date of the reporting date, as communicated by the National Bank of Romania. The resulting differences are charged or credited to the profit and loss account and do not affect cash flows until the settlement of the amount.

The Group's exposure to foreign currency risk expressed in RON, was as follows:

	Carrying amount (*)	RON	EUR	USD	CAD	GBP
31 December 2014						
Monetary assets						
Cash and cash equivalents	1.158.859.684	1.153.068.302	2.966.803	2.487.596	125.895	211.088
Prepayments	18.546.205	17.756.209	426.191	4.091	359.714	-
Gross exposnre	**1.177.405.889**	**1.170.824.511**	**3.392.994**	**2.491.687**	**485.609**	**211.088**
Cash liabilities						
Trade Payables & Suppliers of PP&E	(188.359.947)	(151.551.166)	(5.457.969)	(18.003.310)	(12.774.634)	(572.868)
Borrowings	(1.751.972.263)	-	(1.197.517.785)	(32.667.936)	(521.786.542)	-
Gross exposure	**(1.940.332.210)**	**(151.551.166)**	**(1.202.975.754)**	**(50.671.246)**	**(534.561.176)**	**(572.868)**
Gross exposure in the statement of financial position	**(762.926.321)**	**1.019.273.345**	**(1.199.582.760)**	**(48.179.559)**	**(534.075.567)**	**(361.780)**

	Carrying amount	RON	EUR	USD	CAD
31 December 2013					
Trade Payables & Suppliers of PP&	**(196.691.249)**	(133.574.631)	(2.394.779)	(18.304.865)	(42.416.974)
Borrowings (*)	**(1.946.646.913)**	(51.927.673)	(1.288.327.426)	(38.456.981)	(567.934.833)
Gross exposure in the statement of financial position	**(2.143.338.162)**	**(185.502.304)**	**(1.290.722.205)**	**(56.761.846)**	**(610.351.807)**

(*)Gross carrying amount, before deduction of transaction costs.

The following significant exchange rates were used:

	Average rate		Reporting date spot rate	
	2014	**2013**	**31 December 2014**	**31 December 2013**
RON/ EUR	4,4446	4,4190	4,4821	4,4847
RON/ USD	3,3492	3,3279	3,6868	3,2551
RON/ CAD	3,0315	3,2312	3,1836	3,0575
RON/ GBP	5,5136	5,2029	5,7430	5,3812

Sensitivity analysis

A 10% strengthening of the RON against the following currencies at 31 December 2014 and 31 December 2013 would have increased profit before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit 2014	Profit 2013
EUR	120.636.875	129.072.221
USD	5.316.293	5.397.422
CAD	53.504.679	61.193.568
GBP	78.396	
Total	**179.536.243**	**195.663.211**

A 10% weakening of the RON against the following currencies at 31 December 2014 and 31 December 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

	Loss 2014	Loss 2013
EUR	(120.636.875)	(129.072.221)
USD	(5.316.293)	(5.397.422)
CAD	(53.504.679)	(61.193.568)
GBP	(78.396)	
Total	**(179.536.243)**	**(195.663.211)**

b) Interest rate risk

The Group's operating cash flows are impacted mainly by the changes in interest rates, due to the foreign long term borrowings the Group contracted. The Group has significant long term borrowings with variable interest rates, that may expose the Group to significant cash flow risk and all bank deposits irrespective of maturity bear fixed interest rates.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount (*)	
	31 December 2014	**31 December 2013**
Fixed rate instruments		
Financial assets	1.142.345.868	1.193.866.649
	1.142.345.868	**1.193.866.649**
Variable rate instruments		
Financial liabilities	(1.751.972.263)	(1.946.646.913)
	(1.751.972.263)	**(1.946.646.913)**

(*) Gross carrying amount, before deduction of transaction costs.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss	
	100 bp Increase	**100 bp Decrease**
31 December 2014		
Variable rate instruments	(17.519.723)	17.519.723
Cash flow sensitivity (net)	**(17.519.723)**	**17.519.723**
31 December 2013		
Variable rate instruments	(19.466.469)	19.466.469
Cash flow sensitivity (net)	**(19.466.469)**	**19.466.469**

c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Group's receivables and investment securities.

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables, cash and cash equivalents and bank deposits. The energy produced is sold to customers on the regulated market and respectively on the competitive market, on the basis of framework established by ANRE and in compliance with the OPCOM market rules. The carrying amount of accounts receivable, net of impairment adjustment, represents the maximum amount exposed to credit risk.
As at 31 December 2014, the Group is exposed to a concentrated credit risk, considering the fact that approximately 22% of the receivables are from Electrica Furnizare SA (see Note 8).

Cash and cash equivalents and bank deposits are placed in financial institutions (banks), in order to reduce trade off risk, through the limitation of the exposure to a single financial institution. The main financial institutions were the financial assets are place are presented below:

	31 December 2014	**31 Deeember 2013**
Banca Comerciala Romana SA	389.631.273	808.829.261
Banca Transilvania SA	354.717.660	-
Alpha Bank SA	218.819.974	9.303.553
Eximbank	100.000.000	-
BRD Societe Generale	69.718.421	631.800.005
Other	57.415.070	5.840.498
Total eash and bank deposits	**1.190.302.399**	**1.455.773.317**

The maximum exposure to credit risk at the reporting date was:

	Net value	
	31 December 2014	**31 December 2013**
Financial assets		
Trade receivables	161.902.165	85.975.192
Bank deposits	31.442.715	704.525.705
Cash and cash equivalents	1.158.859.684	751.247.612
Other receivables	78.415.261	111.391.453
	1.430.619.825	**1.653.139.962**

The ageing of trade receivables at the reporting date is:

	Gross value 31 December 2014	Impairment adjustment 31 December 2014	Gross value 31 December 2013	Impairment adjustment 31 December 2013
Neither past due nor impaired	131.255.548		82.642.745	
Past due 1 – 30 days	30.505.234		267.052	
Past due 31 – 90 days	12.966		132.427	
Past due 91 – 180 days	6.702		72.733	
Past due 181 – 270 days	55.819		781.708	
Past due 271 – 365 days	7.071		38.116	
Past due more than one year	14.191.274	(14.132.449)	16.243.973	(14.203.561)
Total	**176.034.614**	**(14.132.449)**	**100.178.754**	**(14.203.561)**

The ageing of other receivables, including recoverable VAT at reporting date is:

	Gross value 31 December 2014	Impairment adjustment 31 December 2014	Gross value 31 December 2013	Impairment adjustment 31 December 2013
Neither past due nor impaired	76.792.017	-	111.382.343	-
Past due 91 – 180 days	226.669	-	-	-
Past due 181 – 270 days	97.759	-	-	-
Past due 271 – 365 days	6.781	-	-	-
Past due more than one year	4.546.235	(3.254.200)	2.509.757	(2.500.647)
Total	**81.669.461**	**(3.254.200)**	**113.892.100**	**(2.500.647)**

The evolution of the trade receivables impairment adjustments was as follows:

	31 December 2014	31 December 2013
Balance at the beginning of the year	(14.203.561)	(7.312.781)
Impairment loss recognized	71.112	(6.890.780)
Balance at year end	**(14.132.449)**	**(14.203.561)**

d) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by obtaining financing from various financing sources.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts presented in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual amount	12 months or less	Between 1-2 years	Between 2-5 years	Over 5 years
31 December 2014						
Financial liabilities						
Borrowings (*)	1.751.972.263	1.822.642.780	227.618.726	223.786.497	670.525.432	700.712.125
Trade Payables & Suppliers of PP&E	188.359.948	188.359.948	188.359.948	-	-	-
Other payables	56.276.337	56.276.336	56.276.336	-	-	-
	1.996.608.548	**2.067.279.064**	**472.255.010**	**223.786.497**	**670.525.432**	**700.712.125**

	Carrying amount (*)	Contractual amount	12 months or less	Between 1-2 years	Between 2-5 years	Over 5 years
31 December 2013						
Financial liabilities						
Borrowings (*)	1.946.646.913	2.027.043.274	234.070.898	222.158.541	665.632.959	905.180.876
Trade Payables & Suppliers of PP&E	196.691.249	196.691.249	196.691.249			
Other payables	46.558.733	46.558.733	46.558.733			
	2.189.896.895	**2.270.293.256**	**477.320.880**	**222.158.541**	**665.632.959**	**905.180.876**

(*)Gross carrying amount, before deduction of transaction eosts.

(ii) *Capital management*

The Group's policy is to maintaiu a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

e) Fair value of financial instruments

Fair value is the amount for which the financial instrument may be exchanged in usual transactions conducted in objective conditions between willing parties knowingly, other than those caused by the liquidation or forced sale. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate. As at 31 December 2014 and 31 December 2013, management considers that the fair values of cash and cash equivalents, trade receivables and other receivables, trade payables as well as other short term liabilities approximates their carrying value.

Taking into account the sector in which the company operates, corroborated with the specific nature of the financed investments and of the structures of the guarantees which include government guarantee, as well as the variable interest rates, the management of the Group considers that the fair value of the borrowings is approximately equal to their carrying amount. The carrying amount of the borrowings is the amortized cost. Based on these considerations, the borrowings have been classified Level 2.

	Carrying amount	Fair value	Level
31 December 2014			
Financial assets			
Net trade receivables	161.902.165	161.902.165	2
Cash and cash equivalents	1.158.859.684	1.158.859.684	2
Bank deposits	31.442.715	31.442.715	2
Net other receivables	78.415.261	78.415.261	2
	1.430.619.825	**1.430.619.825**	

	Carrying amount	Fair value	Level
31 December 2013			
Financial assets			
Net trade receivables	85.975.192	85.975.192	2
Cash and cash equivalents	751.247.612	751.247.612	2
Bank deposits	704.525.705	704.525.705	2
Net other receivables	111.391.453	111.391.453	2
	1.653.139.962	**1.653.139.962**	

	Carrying amount	Fair value	Level
31 December2014			
Long term financial liabilities			
Long term finaneial borrowings	1.496.191.642	1.496.191.642	2
	1.496.191.642	**1.496.191.642**	
Short term financial liabilities			
Suppliers, including suppliers of PP&E	188.359.948	188.359.948	2
Borrowings, short term portions of long term borrowings	204.680.260	204.680.260	2
Employee benefits and other payables	56.276.336	56.276.336	2
	449.316.544	**449.316.544**	

	Carrying amount	Fair amount	Level
31 December 2013			
Long term financial liabilities			
Long term borrowings	1.675.427.622	1.675.427.622	2
	1.675.427.622	**1.675.427.622**	
Short term financial liabilities			
Suppliers, including suppliers of PP&E	196.691.249	196.691.249	2
Borrowings, short term portions of long term borrowings	212.785.513	212.785.513	2
Employee benefits and other payables	46.558.732	46.558.732	2
	456.035.494	**456.035.494**	

(i) ***Other risks***

a) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. Also the operational risk is related to the Group's ability to provide the electricity power quantities assumed through contracts on the regulated market and free market, takind into consideration both the planned and unplanned outages for Units 1 and 2.

The management of these risks refers to assessment, maintenance and continuous modernization of the Group's systems as well as to proper planning, preventive and corrective maintenance activities for controlling nuclear risks and for reduetion of number of hours for unplanned outages.

b) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. These changes may refer to the imposition of local and eentral authorities or the regulatory authority for energy (ANRE) of new contractual provisions or tax ehanges. The risk is limited by continuously monitoring and assessing the impact on the Group of legislative ehanges.

23. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

(i) Taxation

The Romanian taxation system is in a proeess of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties. In Romania, tax periods remain open for 5 years. The Group's management considers that the tax liabilities ineluded in these financial statements are fairly stated, and they are not aware of any eircumstances which may give rise to a potential material liability in this respect.

(ii) Insurance policies

As at 31 December 2014, the following operational insurances are in force:

• Property insurance policy for accidental loss, destruction and damage ineluding loss by nuclear perils or breakdown of machinery and plant to insured property (Cernavoda NPP Units I and 2 and Nuclear Fuel Plant). Compensation limit is subject to a maximum of USD 1.560 million per year for all losses.

• Third party liability insurance policy for nuclear damages. Compensation limit is DST 300 million (for Cernavoda NPP Units 1 and 2).

(iii) Environmental matters

The Group has not recorded any liability as at 31 December 2014 and 31 December 2013 for any anticipated costs, including legal and consulting fees, site studies, the design and implementation of remediation plans, related to environmental matters.

The liability for decommissioning and clean-up of nuclear installations has been taken over by ANDR (Note 5). Management considers that the plant is fully compliant with Romanian and international environmental standards and estimates that additional costs associated with environmental compliance at 31 December 2014 are not significant. Furthermore, the Group is insured against the risk of nuclear accidents, up to an amount of DST 300 million, as described in section (ii) above.

However, the enforcement of environmental regulation in Romania is evolving and the enforcement posture of government authorities is continuously being reconsidered. The Group periodically evaluates its obligations under environmental regulations. The established obligations are acknowledged immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be significant. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

(iv) Ongoing litigations

During 2014, the Group was involved in a number of litigations arising in its normal course of activity. The management of the Group regularly analyses the ongoing litigations and, after consulting with the legal representatives of the Group, decides whether or not to create a provision for the amounts involved or to disclose the litigation in the financial statements.

In management's opinion, there are no litigations or disputes which may have a significant impact on Group's financial statements and which have not been disclosed in these consolidated financial statements.

(v) Commitments

As at 31 December 2014 the Group is committed to incur capital and operational expenditure of RON 845 million.

24. SUBSEQUENT EVENTS

Share capital increase

As per the Resolution no. 8/6.10.2014, the share capital increase of the Company was approved by cash contribution through the issue of new, nominated, dematerialized shares, at the price of RON 10 /share, equal to the nominal value (without issue premium). The shares sale took place during 05.01.2015 - 04.02.2015, in compliance with the Prospectus approved by the Board of Directors of the Company through the Resolution no. 174/02.12.2014 and by the Financial Supervisory Authority through the Resolution no. 2246/23.12.2014.

On February 6th, 2015, the Board of Directors of the Company acknowledged and approved the following : a number of 19.438.285 shares was subscribed with the value of RON 194.382.850, out of which 19.437.670 shares with a nominal value of RON 194.376.700 were subscribed by the majority shareholder – The Ministry of Energy, Small and Medium Size Enterprises and Business Environment and 615 shares with the nominal value of RON 6.150 were subscribed within the preference right, by other shareholders of the Company, who were shareholders at the Registration Date (22.10.2014), in order to maintain their participation quotas in the share capital. The value of the share capital after this operation is of RON 3.012.210.410, fully subscribed and paid, corresponding to a number of 301.221.041 shares, owned by : the Romanian State through the Ministry of Energy, Small and Medium Size Enterprises and Business Environment (82,48%), Fondul Proprietatea (9,1%) and other shareholders (8,42%).

Cernavoda NPP Units 3 and 4 Project

During January and February 2015, the Negotiation Commission assembled in order to establish the common negotiating position of implicated authorities/institutions regarding the proposals of China General Nuclear Corporation (CGN) to modify the Memorandum of Understanding. At the beginning of March 2015, the Interministerial Commission approved the position document proposed by the Negotiation Commission and continued negotiations on the Memorandum of Understanding, which continue at the date of these financial statements.

Date: March 25th, 2015

Daniela Lulache	Mihai Darie
Chief Executive Officer	Chief Financial Officer