

PAUL R. JULY KLITGU & PARTNERS
25. MAR. 2015
For identification purposes

SOCIETATEA NAȚIONALĂ
NUCLEARELECTRICA S.A.
DIPOZIT DE ÎNREGISTRARE
Nr. 3664/25.03.2015



NUCLEARELECTRICA

SN Nuclearelectrica SA

**Individual 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 Individual Financial Position as at 31 December 2014
(All amounts are in RON, unless stated otherwise)

BAKER TILLY ALIQUA PARTNERS
25 IANR 2015
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		31 December 2014	31 December 2013
Assets			
Non-current assets			
Property plant and equipment (PP&E)	<u>5</u>	7.789.583.632	8.057.978.024
Intangible assets	<u>6</u>	94.558.653	97.856.793
Financial instruments	<u>7</u>	141.686.201	123.718.616
Total non-current assets		8.025.828.486	8.279.553.433
Current assets			
Inventories	<u>8</u>	397.665.497	386.303.320
Trade and other receivables	<u>9</u>	240.118.861	197.044.598
Prepayments		18.546.205	10.865.840
Bank deposits	<u>10</u>	31.442.715	704.525.705
Cash and cash equivalents	<u>10</u>	1.152.298.625	739.280.253
Subtotal, current assets		1.840.071.903	2.038.019.716
Assets to be transferred	<u>5</u>	-	1.382.640.479
Total current assets		1.840.071.903	3.420.660.195
Total assets		9.865.900.389	11.700.213.628
Equity			
Capital and reserves			
Share capital out of which:	<u>11</u>	3.013.330.303	3.013.330.303
<i>Subscribed and paid in share capital</i>		<i>2.817.827.560</i>	<i>2.817.827.560</i>
<i>Inflation adjustment to share capital</i>		<i>195.502.743</i>	<i>195.502.743</i>
Share premium		31.474.149	31.474.149
Prepaid share reserve		217.820.977	215.930.237
Revaluation reserve		313.405.061	337.713.566
Retained earnings		3.912.224.643	4.099.989.096
Total shareholder's equity		7.488.255.133	7.698.437.351
Liabilities			
Non-current liabilities			
Long term borrowings	<u>12</u>	1.496.191.642	1.675.427.622
Deferred income long term	<u>19</u>	172.135.939	186.480.601
Deferred income tax liability		197.598.967	208.285.414
Provisions	<u>15</u>	33.267.120	26.207.527
Total non-current liabilities		1.899.193.668	2.096.401.164
Current liabilities			
Accounts payable and other liabilities	<u>13</u>	244.366.147	242.958.936
Current tax liability		4.495.676	34.982.603
Deferred income		24.909.505	32.007.582
Current portion of long-term borrowings	<u>12</u>	204.680.260	212.785.513
Subtotal current liabilities		478.451.588	522.734.634
Liability related to assets to be transferred	<u>5</u>	-	1.382.640.479
Total current liabilities		478.451.588	1.905.375.113
Total liabilities		2.377.645.256	4.001.776.277
Total equity and liabilities		9.865.900.389	11.700.213.628

SN Nuclearelectrica SA
 Individual Profit and Loss Account for the year ended 31 December 2014
 (All amounts are in RON, unless stated otherwise)

DAKER ILLY KLITOU & PARTNERS
 25 MARC 2015
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	Note	2014	2013
Revenues			
Sales of electricity	<u>16</u>	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			
Other income	<u>19</u>	19.629.242	126.519.371
Operation expenses			
Depreciation and amortisation		(425.873.117)	(433.001.182)
Personnel expenses		(298.622.905)	(297.954.270)
Cost of traded electricity		(29.499.135)	(77.327.618)
Repairs and maintenance		(130.414.701)	(142.249.661)
Electricity transmission expenses		(109.272.960)	(103.315.661)
Costs with spare parts		(24.748.712)	(28.528.015)
Cost of uranium fuel		(134.241.709)	(113.396.395)
Other operating expenses	<u>17</u>	(486.370.170)	(402.153.592)
Total operating expenses		(1.639.043.409)	(1.597.926.394)
Operating result			
		175.209.177	461.096.015
Finance costs			
Finance costs	<u>18</u>	(117.836.207)	(172.420.214)
Finance income			
Finance income	<u>18</u>	96.953.834	229.014.401
Net finance costs/income		(20.882.373)	56.594.186
Profit before income tax			
		154.326.804	517.690.201
Net income tax expense			
Net income tax expense	<u>14</u>	(21.262.149)	(94.298.721)
Net profit		133.064.655	423.391.480

Individual 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 

SN Nuclearelectrica SA
 Individual Statement of Comprehensive Income for the year ended 31 December 2014
 (All amounts are in RON, unless stated otherwise)

BAKER TILLY KLITOU & PARTNERS
 25 MAR 2015
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	Note	2014	2013
Profit for the year		133.064.655	423.391.480
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of PPE	<u>5</u>	-	389.155.737
Deferred tax related to revaluation reserve	<u>14</u>	-	(62.662.755)
Actuarial gains/(loss) on defined benefit plans		(4.180.478)	181.360
Other comprehensive income		(4.180.478)	326.674.342
Comprehensive income		128.884.177	750.065.822
Earnings per share			
Basic earnings per share (lei/share)	<u>21</u>	0,47	1,64
Diluted earnings per share (lei/share)	<u>21</u>	0,44	1,52

SN Nuclearelectrica SA
Individual Statement of Changes in Equity for the year ended 31 December 2014
(All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2013		2.732.326.353	-	1.617.236.040	11.220.584	3.686.241.529	8.047.024.506
Comprehensive income for the year							
<i>Profit for the year</i>		-	-	-	-	423.391.480	423.391.480
<i>Other comprehensive income</i>		-	-	-	326.492.982	181.360	326.674.342
Total comprehensive income for the year		-	-	-	326.492.982	423.572.840	750.065.822
Share issuance	11	281.003.950	31.474.149	-	-	-	312.478.099
Reclassification of prepaid share reserve		-	-	(18.665.324)	-	18.665.324	-
Transfer of prepaid share reserve	5	-	-	(1.382.640.479)	-	-	(1.382.640.479)
Dividends distributed		-	-	-	-	(28.490.598)	(28.490.598)
Balance as at 31 December 2013		3.013.330.303	31.474.149	215.930.237	337.713.566	4.099.989.096	7.698.437.351

HAJER TRILYKUTOV & PARTNERS
25 MAR 2015
For identification purposes

The accompanying notes 1 to 24 are an integral part of these individual financial statements

SN Nuclearelectrica SA
 Individual Statement of Changes in Equity for the year ended 31 December 2014
 (All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2014		3,013,330,303	31,474,149	215,930,237	337,713,566	4,099,989,096	7,698,437,351
Comprehensive income for the year		-	-	-	-	133,064,655	133,064,655
Profit for the year		-	-	-	-	(4,180,478)	(4,180,478)
Other comprehensive income		-	-	-	-	128,884,177	128,884,177
Total comprehensive income for the year		-	-	-	(24,308,505)	24,308,505	-
Transfer of revaluation reserve to the retained earnings		-	-	-	-	-	-
Increase in prepaid share reserve	11	-	-	1,890,740	-	-	1,890,740
Dividends distributed		-	-	-	-	(340,957,135)	(340,957,135)
Balance as at 31 December 2014		3,013,330,303	31,474,149	217,820,977	313,405,061	3,912,224,643	7,488,255,133

BAKER TILLY KUTUP & PARTNERS
 25. MAR 2015
 For identification purposes

SN Nuclearelectrica SA
Individual Statement of Cash Flows for the year ended 31 December 2014
(All amounts are in RON, unless stated otherwise)

BARBIE TILY KLH/GR/10/11
 25 MAR 2015
 For identification purposes

	2014	2013
Cash flows from operating activities		
Profit before income tax	154.326.804	517.690.201
Adjustments for:		
Depreciation and amortization	425.873.117	433.001.182
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	(1.128.327)
Loss from the non-current assets sold	442.063	7.445.611
Net finance costs/(gains)	19.878.927	(52.769.141)
Changes in:		
(Increase) in trade and other receivables	(56.590.540)	(42.293.337)
(Increase) in inventories	(13.739.825)	(33.050.510)
Decrease deferred income	(21.442.739)	(64.686.409)
(Decrease) in accounts payable and other liabilities	(7.377.707)	(12.546.112)
Cash generated from operating activities	515.145.142	759.184.721
Income tax paid	(62.435.522)	(99.851.075)
Interest received	34.610.710	41.642.134
Interest paid	(17.593.298)	(30.796.849)
Net cash from operating activities	469.727.032	670.178.929
Cash flows used in investing activities		
Purchase of intangible assets	(15.916.800)	(27.256.657)
Purchase of property, plant, equipment	(147.460.436)	(194.835.622)
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)
Investment in Energonuclear	(17.947.585)	-
Net cash used in investing activities	491.993.641	(689.573.987)
Cash flow from financing activities		
Repayments of borrowings	(217.050.422)	(220.188.857)
Dividends paid	(331.651.879)	(28.490.598)
Proceeds from issue of shares	-	312.478.099
Net cash from financing activities	(548.702.301)	63.798.644
Net increase in cash and cash equivalents	413.018.372	44.403.586
Cash and cash equivalents as at 1 January (see Note 10)	739.280.253	694.876.667
Cash and cash equivalents at the end of the year (see Note 10)	1.152.298.625	739.280.253

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

BAKER TILLY KLING & PARTNERS
25 MAR 2015
For identification purposes

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 main operating location is in Cernavoda, Constanta County, where the Company has two operating nuclear reactors (Unit 1 and Unit 2), two nuclear reactors in early stage of construction (Units 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, approved by the Extraordinary General Meeting of Shareholders on August 22, 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 plant units 1 and 2.

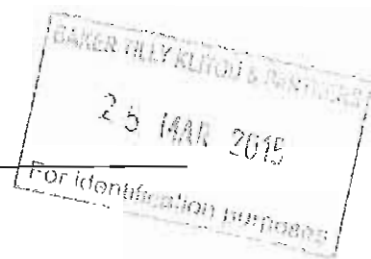
In accordance with the Electricity Law 123/2012, the electricity sector is regulated by the Romanian Energy Regulatory Authority (ANRE), an autonomous public institution. ANRE establishes through yearly decisions the tariffs that are to be used by the Company to sell electricity on the regulated market. 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 11, as at 31 December 2013 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, individuals and legal persons, which hold together 25.368.236 shares, representing 9,0025%.

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

*The accompanying notes 1-24 are an integral part of these financial statements
The above translation of the individual IFRS financial statements of SN Nuclearelectrica SA is provided as a free translation
from Romanian which is the official and binding version*



2. BASIS OF PREPARATION

a) Statement of compliance

The individual financial statements have been prepared in accordance with the Ministry of Public Finance Order no. 1286/2012 for the approval of accounting regulations conforming to International Financial Reporting Standards, applicable to companies whose securities are traded on a regulated market and related amendments ("OMPF 1286/2012"). According to OMPF 1286/2012, International Financial Reporting Standards are the standards adopted according to the procedure stipulated by the European Commission Regulation no. 1.606/2002 of the European Parliament and of the Council from 19 July 2002 regarding the application of international accounting standards.

In compliance with Ministry of Public Finance Order no. 881/2012, starting with 2013, the Company is required to apply the International Financial Reporting Standards when preparing the individual financial statements for the year. The transition date to the International Financial Reporting Standards was January 1, 2012. The individual financial statements under IFRS for 2013 were prepared by restating the figures presented under Accounting Regulations complying with the 4th Directive of the European Economic Communities, approved by Ministry of Public Finance Order no. 3.055/2009 for the approval of the Accounting Regulations complying with European Directives, with the subsequent amendments ("OMFP 3055/2009").

b) Basis of measurement

The individual financial statements have been prepared under the historical cost basis except for some classes of property, plant and equipment which is measured at fair value as disclosed in the accounting policies (see Note 3c).

The accounting policies set out below have been applied consistently for all periods presented in these financial statements. These financial statements have been prepared based on the going concern basis.

c) Functional and presentation currency

The individual financial statements are presented in Romanian Lei ("RON"), which is the Company's functional currency. All financial information is presented in RON, unless stated otherwise.

d) Use of estimates and judgments

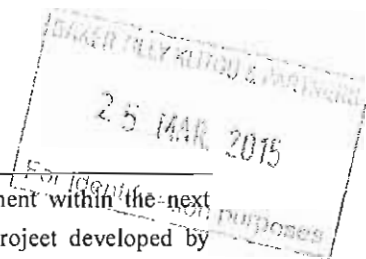
The preparation of the individual financial statements according to IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses (assumptions for determination of useful life of property, plant and equipment (see Note 3.c), assumptions regarding determination of fair value (see Note 4 and note 22e), assumptions regarding determination of fair value for property, plant and equipment (see Note 5), transfer to property, plant and equipment of some spare parts which meets the criteria for recognition required by IAS 16 (see Note 5), transfer of heavy water from property plant and equipment to assets to be transferred (see note 5), recoverability of trade payables (see note 9), on calculation of employee benefits obligations (see Note 15), the period on which the governmental subsidies are transferred to the profit and loss account (see Note 3.p). Actual results may differ from these estimates.

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

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SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years is included in Note 7 (key assumptions relating to the continuance of the project developed by Energonuclear SA).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these individual financial statements prepared by the Company.

The individual financial statements are prepared on the assumption that the Company will continue its activity in the foreseeable future. To assess the applicability of this assumption, management analyses projections of future cash inflows.

a) 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 (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 at 31 December 2014 and 31 December 2013, for the main currencies in which the Company has transactions are as follows:

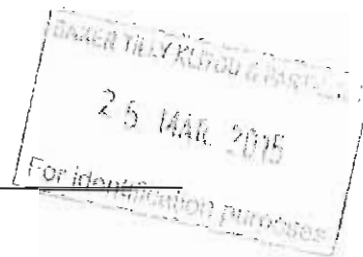
	Average rate		Exchange rate as at	
	2014	2013	31 December 2014	31 December 2013
RON/EUR	4,4446	4,4190	4,4821	4,4847
RON/USD	3,3492	3,3279	3,6868	3,2551
RON/CAD	3,0315	3,2312	3,1836	3,0575

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.

b) 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 Company 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.

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

Recognition and measurement

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.

Property, plant and equipment are carried at cost or fair value, differentiated by categories as follows:

- Land, industrial buildings (egg. Power plants) and administrative buildings are stated at revalued amount. At the date of transition to IFRS they were measured using the deemed cost method. Thus, the revaluation surplus, recorded by the Company under OMFP 3055/2009 until January 1, 2012, was transferred to the retained earnings, in a distinct account. Revaluation reserves arising after the date of transition to IFRS as a result of revaluation are recorded as such in the financial statements. The revaluation surplus, both the one resulting from the date of transition to IFRS as well as the subsequent reduction is realized as the property, plant and equipment are depreciated or when they are derecognized.
- Machinery, equipment and other assets, except for administrative buildings and special constructions, including nuclear units, are stated at historical cost less any accumulated depreciation and any accumulated impairment losses.
- Assets under construction are stated at historical acquisition cost or construction cost or inflated cost (restated according to the measuring unit as at 31 December 2003 for property, plant and equipment acquired before 1 January 2004).

In the assets under construction were included the constructions and heavy water that will be used for Units 3 and 4 Project. The constructions (Units 3 and 4 and the related constructions materials) are measured at cost.

The heavy water acquired to be used for Units 3 and 4 Project is classified as "Assets under construction". Because heavy water is not used and does not chemically depreciate it is measured initially and subsequently at cost.

Units 1, 2, 3, 4 and 5 were considered as a single project, and costs incurred before 1990 were not accounted for separately for each unit. In 1991, the Company made an allocation of costs for each unit. This allocation is the cost of the assets included in assets under 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 parts are recognized as inventories.

The fair value was determined based on valuations made by external independent valuers, using methods of market values and net replacement cost, less accumulated depreciation and accumulated impairment losses, if any.

Revaluations are made with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

25 MAR 2015
FOR IDENTIFICATION PURPOSES

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to equity under the item "revaluation reserve". However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus for that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the item "revaluation reserves".

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 are 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 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 plant – Units 1 and 2	30
Heavy water (load for Units 1 and 2)	30
Buildings	45 – 50
Other machinery and equipment	3 - 20

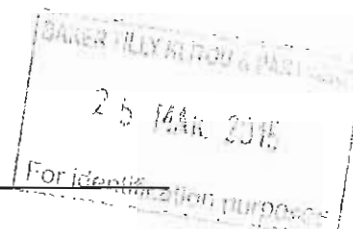
Heavy water (load for Units 1 and 2), nuclear fuel, buildings, machinery and equipment are grouped together in Note 5 under the same heading "Machinery, equipment and other assets".

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, the useful lives and the 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 constructing items of property, plant or equipment are capitalised as part of the asset's cost up to the date the activities necessary to prepare the asset for its intended use or sale are complete.

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d) 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 Company 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 expenditure is measured at cost less accumulated amortisation 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.

e) Impairment of non-financial assets

The carrying amounts of the Company'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, assets which 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).

The 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 amortisation, if no impairment loss had been recognised.

BAKER TILLY KLINGSTON LLP
25 MAR 2015
For identification purposes

f) Inventories

Inventories consist of consumables, spare parts that do not meet the recognition criteria as property, plant and equipment, buffer stock, uranium and other inventories necessary for the activity 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.

g) Recognition and derecognition of the non-derivative financial instruments

Non-derivative financial assets

The Company 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 Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash 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 such transferred financial assets that is created or retained by the Company 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 Company 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 Company's non-derivative financial assets are mainly represented by receivables, cash and cash equivalents and bank deposits.

Non-derivative financial liabilities

The Company 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 Company becomes a party to the contractual provisions of the instrument.

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

The Company classifies non-derivative financial liabilities into 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.

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h) Trade and other receivables

Trade receivables are recognised initially at invoiced amount and subsequently measured using the effective interest method, less an allowance for doubtful debts. An allowance is established when there is objective evidence that the Company 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, and default or delinquency in payments (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 amortised 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.

i) 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.

j) Share capital

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

k) 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 capital paid in accordance with the law. These reserves are deductible for income tax in the 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" caption.

l) Prepaid share reserve

The prepaid shares represent cash contributed 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.

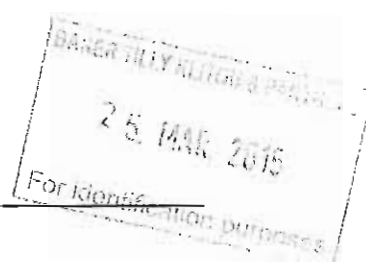
m) Dividends

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

n) Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost 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.

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o) Borrowings

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

p) 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 the Company will comply with the conditions associated with the grant.

Government grants that relate to the acquisition or construction of an asset are systematically recognized in the profit and loss account as the related asset is depreciated.

q) Income tax

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

(i) Current 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.

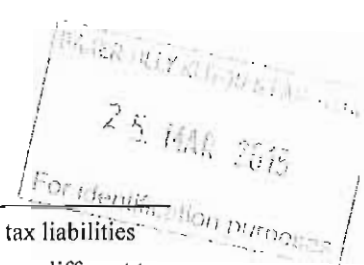
The measurement of deferred tax reflects the tax consequence that would follow the manner the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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Notes to the Individual Financial Statements for the year ended 31 December 2014

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Deferred tax receivables and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and receivables, 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 receivables 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 receivables 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 Company 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 Company 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.

r) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company'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.

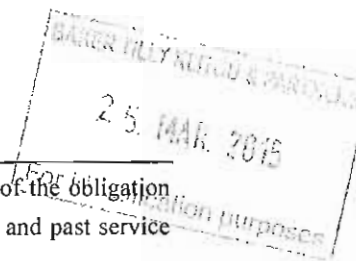
The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the 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 Company. An economic benefit is available to the Company 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 Company 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 Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is updated to determine its fair value, and the fair value of any related asset is deducted. These benefits are estimated 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 Company 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.

s) Provisions

A provision is recognised if, as a result of a past event, the Company 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 plant nuclear fuel is determined as the discounted value of future expenses with the storage of nuclear fuel.

t) Revenue recognition

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

The Company recognises revenue when the amount of revenue can be reliably measured; when future economic benefits are probable 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.

u) Finance income and finance costs

Finance income comprises mainly interest income on bank deposits and cash, as well as 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 an asset are recognised in profit or loss using the effective interest method.



v) 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 ("CODM") to allocate resources and assess its performance; and
- For which distinct financial information is available.

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

w) Earnings per share

Earnings per share are calculated by dividing the Company'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 start of the period, adjusted by the number of shares redeemed or issued during the period multiplied by a time weighting factor.

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 provides specific interests of each ordinary share in the entity's performance.

x) 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.

y) 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.

z) Comparatives

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

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

During the current year, the Company has applied all the new standards and amendments to International 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)

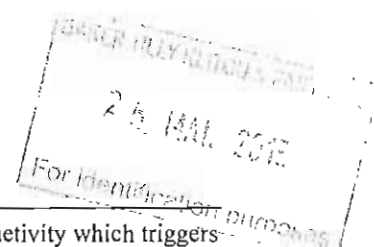
IFRIC 21 is applicable for annual periods beginning on or after 17 June 2014. The Company must apply IFR 21 starting 1 January 2015 and has decided not to adopt IFRIC 21 at an earlier date. The application of IFRIC 21 is retrospectively and it is applicable to all levies imposed by governments under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

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This interpretation states that 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 Company expects that the adoption of these accounting standards in future periods will not have a significant effect on the financial statements of the Company.

4. DETERMINATION OF FAIR VALUE

A number of Company'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 Company uses to 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 prices)
- Level 3: inputs for the asset or liability that are not based on observable market data

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

Property, plant and equipment

The fair value of industrial buildings is primarily based on cost method considering their particularities.

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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	6.029.319.342	1.099.574.311	2.598.170.731	9.753.906.029
Additions	105.649	-	8.369.632	162.052.882	170.528.163
Revaluation of admin buildings	-	385.300.708	3.855.029	-	389.155.737
Offset of accumulated depreciation on revaluation	-	(594.548.888)	(6.893.485)	-	(601.442.373)
Transfers	-	57.424.016	164.616.308	(222.040.324)	-
Transfer of spare parts	-	-	-	15.221.418	15.221.418
Transfer of heavy water to the state's reserve	-	-	-	(1.382.640.479)	(1.382.640.479)
Disposals	(148.906)	-	(15.729.420)	-	(15.878.326)
Balance as at 31 December 2013	26.798.388	5.877.495.178	1.253.792.375	1.170.764.228	8.328.850.169
Balance as at 1 January 2014	26.798.388	5.877.495.178	1.253.792.375	1.170.764.228	8.328.850.169
Additions	1.890.740	-	6.288.291	156.468.673	164.647.704
Transfers	-	194.699.813	121.209.147	(315.908.960)	-
Disposals	-	-	(3.887.640)	(25.785.183)	(29.672.823)
Adjustment of accumulated depreciation	(27.041)	-	32.467.989	10.023.082	42.464.030
Balance as at 31 December 2014	28.662.087	6.072.194.991	1.409.870.162	995.561.840	8.506.289.080
Depreciation and impairment losses					
Balance as at 1 January 2013	77.758	296.688.723	28.290.942	138.672.256	463.729.679
Depreciation charge	77.757	297.860.165	89.487.082	-	387.425.004
Accumulated depreciation of disposals	-	-	(5.893.112)	-	(5.893.112)
Impairment loss for assets under construction	-	-	1.201.101	25.851.846	27.052.947
Offset of accumulated depreciation on revaluation	-	(594.548.888)	(6.893.485)	-	(601.442.373)
Balance as at 31 December 2013	155.515	-	106.192.528	164.524.102	270.872.145
Balance as at 1 January 2014	155.515	-	106.192.528	164.524.102	270.872.145
Depreciation charge	77.757	334.518.634	97.768.239	-	432.364.630
Accumulated depreciation of disposals	-	-	(3.288.904)	-	(3.288.904)
Adjustment for impairment loss of assets	-	-	18.714	(25.725.167)	(25.706.453)
Adjustment of accumulated depreciation	-	-	42.464.030	-	42.464.030
Balance as at 31 December 2014	233.272	334.518.634	243.154.607	138.798.935	716.705.448
Carrying amounts					
At 1 January 2013	26.763.887	5.732.630.619	1.071.283.369	2.459.498.475	9.290.176.350
At 31 December 2013	26.642.873	5.877.495.178	1.147.599.847	1.006.240.126	8.057.978.024
At 31 December 2014	28.428.815	5.737.676.357	1.166.715.555	856.762.905	7.789.583.632

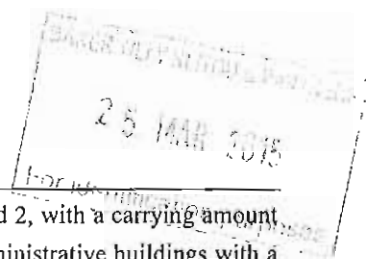
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Machinery, equipment and other assets includes the first load of heavy water used for units 1 and 2, with a carrying amount as at 31 December 2014 of RON 424.243.208 (31 December 2013: RON 444.297.817) and administrative buildings with a net book value 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 presented 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, presented 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 Company 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 current assets category, while the related cash contributions from the state budget were classified as liability related to the assets to be transferred 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.

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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 with the party’ consent, in order to reassess the feasibility of the project within current market conditions, to evaluate the assets and 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 (“CGN”) 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 Company 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 RON (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 carrying amount of the assets under construction related to Units 3 and 4 is RON 514.836.941 (31 December 2013: RON 524.970.145). At 31 December 2014, the remaining difference up to RON 856.762.905 (31 December 2013: RON 1.006.240.126) 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 advances to property, plant and equipment suppliers amounting RON 19.660.501 (31 December 2013: RON 11.567.493).

At 31 December 2014, the Company purchased acquired property, plant and equipment on suppliers’ credit in amount of RON 50.493.364 (31 December 2013 : RON 66.309.815).

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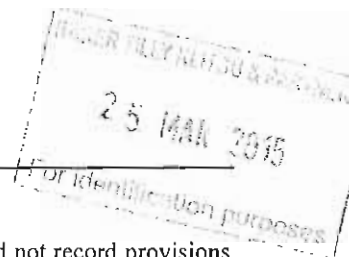
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Decommissioning of nuclear power plants

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of 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 Company 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 Company has not pledged or mortgaged assets.



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6. INTANGIBLE ASSETS

	Licence and acquired software	Power plant software	Intangible assets in progress	TOTAL
Cost				
Balance as at 1 January 2013	46.235.482	83.396.194	52.902.484	182.534.160
Additions	9.685.490	1.951.455	15.619.712	27.256.657
Transfers		434.504	(434.504)	-
Disposals	(55.096)	(15.821)	-	(70.917)
Balance as at 31 December 2013	55.865.876	85.766.332	68.087.692	209.719.900
Balance as at 1 January 2014	55.865.876	85.766.332	68.087.692	209.719.900
Additions	2.199.056	55.428.800	11.957.697	69.585.553
Transfers				-
Disposals	(500.628)	(9.645)	(53.666.195)	(54.176.468)
Adjustment of accumulated depreciation	-	(3.898.039)	(10.882)	(3.908.921)
Balance as at 31 December 2014	57.564.304	137.287.448	26.368.312	221.220.064
Accumulated amortisation				
Balance as at 1 January 2013	42.303.215	51.107.396	-	93.410.611
Amortisation for the year	6.081.947	12.441.285	-	18.523.232
Accumulated amortisation of disposals	(54.915)	(15.821)	-	(70.736)
Balance as at 31 December 2013	48.330.247	63.532.860	-	111.863.107
Balance as at 1 January 2014	48.330.247	63.532.860	-	111.863.107
Amortisation for the year	6.838.169	12.376.771	-	19.214.940
Accumulated amortisation of disposals	(498.070)	(9.645)	-	(507.715)
Adjustment of accumulated depreciation	-	(3.908.921)	-	(3.908.921)
Balance as at 31 December 2014	54.670.346	71.991.065	-	126.661.411
Carrying amounts				
At 1 January 2013	3.932.267	32.288.798	52.902.484	89.123.549
At 31 December 2013	7.535.629	22.233.472	68.087.692	97.856.793
At 31 December 2014	2.893.958	65.296.383	26.368.312	94.558.653

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 Company having the intention of completing the intangible assets in progress for which there are financial resources available.

DĂBĂTORILY KÖTÖNYI K. K.
25. MÁR. 2015
For identification purposes

7. FINANCIAL INVESTMENTS

The financial investments are mainly represented by investment in Energonuclear S.A. ("Energonuclear") as mentioned below.

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

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

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

In December 2013, the minority shareholders of Energonuclear, namely Enel Investment Holding BV 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

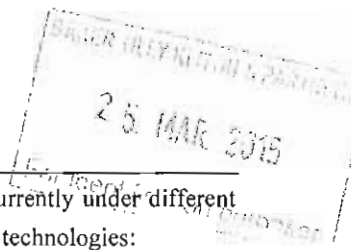
At 31 December 2014, there are uncertainties regarding Energonuclear's ability to continue as a going concern. The future operations of Energonuclear related to Units 3 and 4 depend on the successful completion of the investors' selection procedure, in compliance with the Strategy approved in July 2014 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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

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 low 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.

8. 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	212.237.925
Material and supplies	56.023.769	63.839.877
Nuclear fuel	86.686.002	84.973.799
Uranium	36.379.148	18.487.562
Other inventories	8.781.126	6.764.157
Total	397.665.497	386.303.320

9. TRADE AND OTHER RECEIVABLES

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

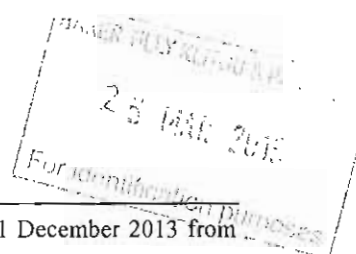
	31 December 2014	31 December 2013
Trade receivables	176.034.614	100.114.123
Trade receivables allowance	(14.132.449)	(14.203.561)
Other receivables	33.558.220	63.992.335
Other receivables allowance	(3.254.200)	(2.500.647)
VAT recoverable	47.912.676	49.642.348
Total	240.118.861	197.044.598

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 Company, while the sales to Enel Energie Muntenia S.A. in 2014 represented 13% (2013: 6%), and those to Enel Energie S.A. represented 11% (2013: 17%).

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SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

In 2014, the Company has collected the trade receivable in amount of RON 11.249.674 it had at 31 December 2013 from Hidroelectrica S.A. As at 31 December 2014, the Company has no trade receivables from Hidroelectrica, however other receivables from Hidroelectrica amount to RON 17.523.388 (31 December 2013: RON 41.320.489). In June 2013, the Company and Hidroelectrica signed a rescheduling agreement through which Hidroelectrica committed to pay the entire debt in 24 equal instalments, the amount of the monthly instalment being of RON 2.920.564. Until the issue date of these individual financial statements, the reschedule agreement has been respected by Hidroelectrica.

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

The Company'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 caption "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).

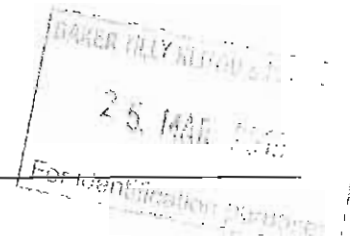
10. CASH AND CASH EQUIVALENTS AND BANK DEPOSITS

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

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Cash at bank in RON	1.150.439.704	738.196.975
Cash at bank in foreign currency	1.858.921	1.083.278
Total cash and cash equivalents and bank deposits	<u>1.152.298.625</u>	<u>739.280.253</u>

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 Company for which cash was put as collateral, having a maturity of over a year (31 December 2013: RON 22.525.705).

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11. 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 3.b).

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 at 31 December 2014, respectively 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, the Department for Energy.

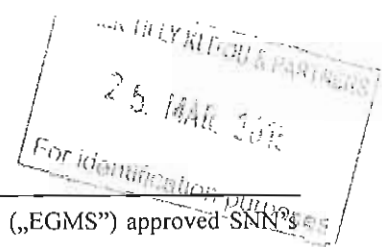
Share premiums

In November 2013, the Company issued 28,100,395 shares on the Bucharest Stock Exchange, through an initial public offering and though the shareholder Fondul Proprietatea S.A. exercised the 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 (RON 215,930,237: 31 December 2013) 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 (RON 194,376,700 as at 31 December 2013), public utilities of Cernavoda NPP (RON 5,439,321 at 31 December 2013 and 2014), state budget allocations during 2007-2011 for the construction of the Training and Leisure Center for Youth and Children in Cernavoda (RON 16,114,216 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).

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Through the Resolution no. 8/06.10.2014 the Extraordinary General Meeting of Shareholders („EGMS”) approved SNN’s capital increase by cash contributions from the state budget during the period 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 increase 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 inception of proceedings regarding share capital 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 (31 December 2013:19.437.670).

Revaluation reserves

At 31 December 2014 the revaluation reserve is of RON 313.405.061 (31 December 2013: RON 337.713.566), net of deferred tax liability.

Retained earnings

Retained earnings represent the accumulated results of the Company. 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. During 2014 the Company has 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.

12. BORROWINGS

The reimbursement of borrowings during the financial year ended at 31 December 2014 was 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	

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SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)**(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 portion 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: 3,73 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.

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: 185,8 million CAD). 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 December 2013: 4,68 million EUR). Repayment is

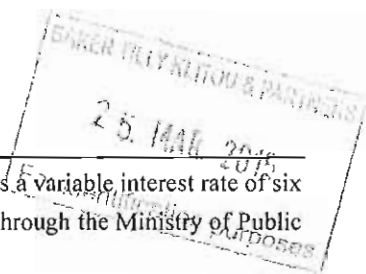
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SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

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: 11,8 million USD). Repayment is scheduled 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 Public 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: 213,5 million EUR), having three parts: (i) first part with an outstanding amount of EUR 80 million (31 December 2013: 90 million EUR); (ii) the second part with an outstanding amount of EUR 90 million (31 December 2013: 90 million EUR) and (iii) the third part with an outstanding amount of EUR 33,5 million (31 December 2013: 33,5 million EUR). 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 Public 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.

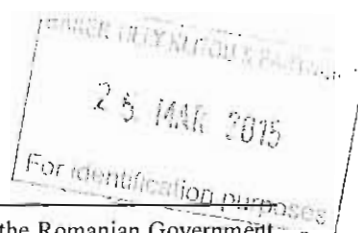
The Company has not entered into any hedging arrangement against risks regarding obligations in foreign currency or interest rate exposure. The fair value of long-term loans, which was estimated by discounting the future contractual cash flows using current market interest rate available for similar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

Guarantees

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SN Nuclearelectrica SA

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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:

	<u>31 December 2014</u>	<u>31 December 2013</u>
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	<u>204.680.260</u>	<u>212.785.513</u>

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

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

	<u>31 December 2014</u>	<u>31 December 2013</u>
Property, plant and equipment suppliers	50.493.364	66.309.815
Trade payables	137.853.316	130.365.966
Payables to employees	13.272.224	12.666.155
Payables to State	22.683.546	22.213.373
Dividends	457.076	-
Other payables	19.606.621	11.403.627
Total	<u>244.366.147</u>	<u>242.958.936</u>

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

As at 31 December 2014 the caption “Property, plant and equipment suppliers” comprises an amount of RON 3.619.192 representing liabilities to related parties (31 December 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).

14. INCOME TAXES

Tax recognized in profit or loss:

	<u>2014</u>	<u>2013</u>
Current tax expense	31.948.595	103.323.838
Deferred tax release	(10.686.446)	(9.025.117)
Total	<u>21.262.149</u>	<u>94.298.721</u>

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(All amounts in RON, unless stated otherwise)

BAKER TILLY ICFR SA PARTNER
 25 MAR 2015
 For IFRS
 in Bucharest

At 31 December 2013, the Company recognized an expense of RON 62.662.755 in "Other comprehensive income" regarding the deferred tax for revaluation reserve related to industrial buildings which are taxed simultaneously with the deduction of the fiscal amortization, respectively when the assets are disposed. At 31 December 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	154.326.804	517.690.201
Income tax at statutory rate of 16%	24.692.289	82.830.432
Effect of non-deductible expenses	5.392.456	9.702.035
Taxed revaluation reserve	8.915.537	4.379.893
Effect of tax exempt income	(6.869.206)	6.891.645
Deferred tax release	(10.686.446)	(9.025.117)
Reinvested profit	(86.913)	-
Effect of other differences	(95.568)	(480.167)
Income tax expense	21.262.149	94.298.721

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	-	200.581.398	200.581.398
Inventories	-	11.897.221	11.897.221
Employee benefits	(4.193.205)	-	(4.193.205)
Net tax (assets)/liabilities	(4.193.205)	212.478.619	208.285.414

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Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

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 OCI	Balance 31 December 2013	Deferred Tax recognised in profit or loss	Deferred tax recognised directly in OCI	Balance at 31 December 2014
PPE&E	146.008.686	(8.090.043)	62.662.755	200.581.398	(9.438.692)	-	191.142.705
Intangible assets	-	-	-	-	146.666	-	146.666
Inventories	12.029.413	(132.192)	-	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	154.647.776	(9.025.117)	62.662.755	208.285.414	(10.686.446)	-	197.598.967

15. 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 includes 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.

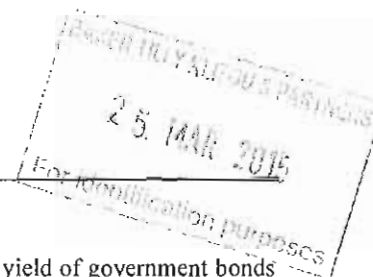
The following assumptions had been taken into account for the application of IAS 19 “Employee benefits” as at 31 December 2014 and 31 December 2013:

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%	2,78%
Mortality table	Mortality rates from Romania 2009-2010	Mortality rates from Romania 2009-2010
Average gross salary	5.405	5.388

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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

16. 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).

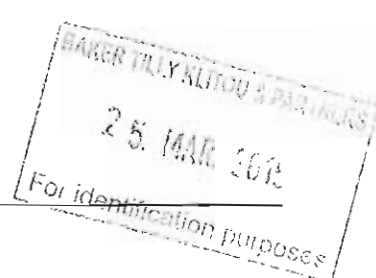
The Company produces thermal energy through the use of the energy capacities related to the electric and thermal production units consisting of two heat exchangers with a total thermal power of 40 Geal/h and 46,51 MW. The Company supplies thermal power to the local distribution company, SC Utilitati 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“ caption).

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.

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(All amounts in RON, unless stated otherwise)**17. 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	33.514.250
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	71.788.411	60.066.975
Total	486.370.170	402.153.592

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 Company 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.

18. FINANCE INCOME AND FINANCE COSTS

	2014	2013
Interest income	29.477.239	41.073.150
Foreign exchange gains	67.072.602	187.941.250
Dividend income	403.993	-
Finance income	96.953.834	229.014.400
Foreign exchange losses	(92.909.492)	(142.897.611)
Interest expense	(24.926.715)	(29.522.603)
Finance costs	(117.836.207)	(172.420.214)
Net finance (Costs)/Income	(20.882.373)	56.594.186

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19. OTHER INCOME

	2014	2013
Income from investment subsidies	14.381.193	14.386.437
Income from compensations, fines and penalties	1.576.890	104.591.378
Other income	3.671.159	7.541.556
Total	19.629.242	126.519.371

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 9). In 2014, the income from penalties is in amount of RON 1.576.890.

The investment subsidies (Deferred income long term) were granted in 2007 and 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.

20. TRANSACTIONS WITH RELATED PARTIES
i) Transactions with state owned companies

The Company 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 Company 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 (Compania Nationala a Uraniului).

During its activity, the Company 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	-	49.480.172	-	-
Distributie Muntenia Nord				
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

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	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
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	-
Electrica Furnizare	139.674	808.767	5.343	-
Total	445.879.810	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 12).

iii) Compensation to key management personnel of the Company

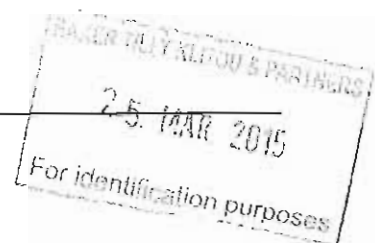
The management of the company is made up of:

- The members of the Board of Directors who have concluded mandate contracts with the Company;
- The managers of the Company with mandate contracts
- Other managers within the Company 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	5.631.501	4.491.563
	5.631.501	4.491.563

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21. EARNINGS PER SHARE

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

(i) Basic earnings per share

	2014	2013
Net profit for the year	133.064.655	423.391.480
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 (/share)	<u>0,47</u>	<u>1,64</u>

(ii) Diluted earnings per share

	2014	2013
Net profit for the year	133.064.655	423.391.480
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)	<u>0,44</u>	<u>1,52</u>

22. RISK MANAGEMENT

(i) Financial risk factors

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

The Company 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 Company 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 Company 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 Company's functional currency is RON. The Company is exposed to foreign currency risk on cash and cash equivalents, on purchases long term and borrowings denominated in other currency than the functional currency of the Company. 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

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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 Company'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	1.152.298.625	1.148.300.083	1.173.963	2.487.596	125.895	211.088
Prepayments	18.546.205	17.756.209	426.191	4.091	359.714	-
Gross exposure	1.170.844.830	1.166.056.292	1.600.154	2.491.687	485.609	211.088
Cash liabilities						
Trade Payables & Suppliers of PP&E	(188.346.680)	(151.537.898)	(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	(1.940.318.943)	(151.537.898)	(1.202.975.754)	(48.671.246)	(534.561.176)	(572.868)
Gross exposure in the statement of financial position	(769.474.113)	1.014.518.394	(1.201.375.600)	(48.179.559)	(534.075.567)	(361.781)
31 December 2013						
Trade Payables & Suppliers of PP&E	(196.675.781)	(133.559.163)	(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	(2.143.322.694)	(185.486.836)	(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

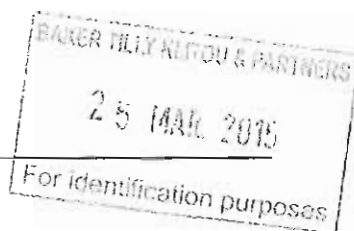
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Sensitivity analysis

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.

	<u>Profit 2014</u>	<u>Profit 2013</u>
EUR	120.457.591	129.072.221
USD	5.316.293	5.397.422
CAD	53.504.679	61.193.568
GBP	78.396	
Total	<u>179.356.959</u>	<u>195.663.211</u>

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.

	<u>Loss 2014</u>	<u>Loss 2013</u>
EUR	(120.457.591)	(129.072.221)
USD	(5.316.293)	(5.397.422)
CAD	(53.504.679)	(61.193.568)
GBP	(78.396)	
Total	<u>(179.356.959)</u>	<u>(195.663.211)</u>

b) Interest rate risk

The Company's operating cash flows are impacted mainly by the changes in interest rates, due to the foreign long term borrowings the Company contracted. The Company has significant long term borrowings with variable interest rates, that may expose the Company 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 Company's interest-bearing financial instruments was as follows:

	<u>Carrying amount (*)</u>	
	<u>31-Dec-14</u>	<u>31-Dec-13</u>
Fixed rate instruments		
Financial assets	1.142.345.868	1.193.866.649
	<u>1.142.345.868</u>	<u>1.193.866.649</u>
Variable rate instruments		
Financial liabilities	(1.751.972.263)	(1.946.646.913)
	<u>(1.751.972.263)</u>	<u>(1.946.646.913)</u>

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

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*(All amounts in RON, unless stated otherwise)**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 or loss	
	100pb increase	100pb 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Company's receivables and investment securities.

Financial assets, which potentially subject the Company 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 Company is exposed to a concentrated credit risk, considering the fact that approximately 22% of the receivables are from Electrica Furnizare SA (see Note 9).

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 where these financial assets are held are presented below:

	31 December 2014	31 December 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	63.166.756	619.840.299
Other	57.405.677	5.832.845
Total cash and cash equivalents and bank deposits	1.183.741.340	1.443.805.958

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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	85.910.562
Bank deposits	31.442.715	704.525.705
Cash and cash equivalents	1.152.298.625	739.280.253
Other receivables	78.216.696	111.134.036
Total	1.423.860.201	1.640.850.556

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	-	82.578.115	-
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	-	781.707	-
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)	100.114.123	(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	76.593.452	-	111.124.926	-
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	81.470.896	(3.254.200)	113.634.683	(2.500.647)

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

	31 December 2014	31 December 2013
Balance at 1 January	(14.203.561)	(7.312.781)
Impairment loss recognized	71.112	(6.890.780)
Balance at year end	(14.132.449)	(14.203.561)

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d) *Liquidity risk*

Liquidity risk is the risk that the Company 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 Company aims to maintain flexibility in funding by obtaining financing from various financing sources.

The table below analyses the Company'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	188.346.680	188.346.680	188.346.680	-	-	-
Other payables	56.019.467	56.019.467	56.019.467	-	-	-
	1.996.338.410	2.067.008.927	471.984.873	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	196.675.781	196.675.781	196.675.781	-	-	-
Other payables	46.283.155	46.283.155	46.283.155	-	-	-
	2.189.605.849	2.270.002.210	477.029.834	222.158.541	665.632.959	905.180.876

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

(ii) *Capital management*

The Company's policy is to maintain 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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2014

(All amounts in RON, unless stated otherwise)

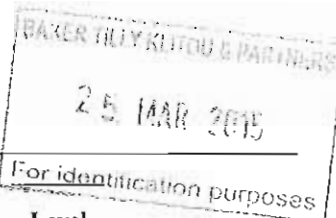
BACAL TRUY KUTIU & PARTNERS
25. MAR. 2015
For object of the financial statements

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 Company 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	1.152.298.625	1.152.298.625	2
Bank deposits	31.442.715	31.442.715	2
Net other receivables	78.216.696	78.216.696	2
	1.423.860.201	1.423.860.201	
31 December 2013			
Financial assets			
Net trade receivables	85.910.562	85.910.562	2
Cash and cash equivalents	739.280.253	739.280.253	2
Bank deposits	704.525.705	704.525.705	2
Net other receivables	111.134.036	111.134.036	2
	1.640.850.556	1.640.850.556	
31 December 2014			
Long term financial liabilities			
Long term financial 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	188.346.680	188.346.680	2
Borrowings, short term portions of long term borrowings	204.680.260	204.680.260	2
Employee benefits and other payables	56.019.467	56.019.467	2
	449.046.407	449.046.407	

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

The above translation of the individual IFRS financial statements of SN Nuclearelectrica SA is provided as a free translation from Romanian which is the official and binding version



	Carrying amount	Fair value	Level
31 December 2013			
Long term financial liabilities			
Long term borrowings	1.675.427.622	1.675.427.622	2
	<u>1.675.427.622</u>	<u>1.675.427.622</u>	
Short term financial liabilities			
Suppliers, including suppliers of PP&E	196.675.781	196.675.781	2
Borrowings, short term portions of long term borrowings	212.785.513	212.785.513	2
Employee benefits and other payables	46.283.155	46.283.155	2
	<u>455.744.449</u>	<u>455.744.449</u>	

(i) Other risks

a) *Operational risk*

Operational risk is the risk that derives from the deficiencies relating to the Company'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 Company's ability to provide the electricity power quantities assumed through contracts on the regulated market and free market, taking 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 Company's systems as well as to proper planning, preventive and corrective maintenance activities for controlling nuclear risks and for reduction of number of hours for unplanned outages.

b) *Compliance risk*

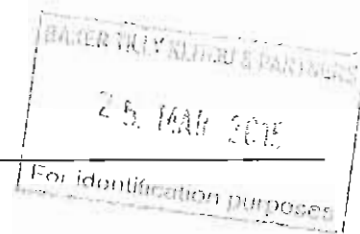
Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. These changes may refer to the imposition of local and central authorities or the regulatory authority for energy (ANRE) of new contractual provisions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

23. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

(i) **Taxation**

The Romanian taxation system is in the process 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 Company's management considers that the tax liabilities included in these financial statements are fairly stated, and they are not aware of any circumstances which may give rise to a potential material liability in this respect.

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(ii) Insurance policies

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

- Property insurance policy for accidental loss, destruction and damage including loss by nuclear perils or breakdown of machinery and plant to insured property (Cernavoda NPP Units 1 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 Company 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 Company 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 Company 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.

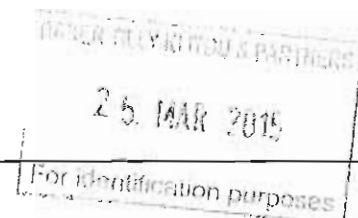
(iv) Ongoing litigations

During 2014, the Company was involved in a number of litigations arising in its normal course of activity. The management of the Company regularly analyses the ongoing litigations and, after consulting with the legal representatives of the Company, 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 Company's financial statements and which have not been disclosed in these individual financial statements.

(v) Commitments

As at 31 December 2014 the Company 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 exercise of 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
Chief Executive Officer

Mihai Darie
Chief Financial Officer