



## **QUARTERLY REPORT**

**of the Board of Directors of S.N. NUCLEARELECTRICA S. A.  
for the period 1st January-31 st March 2015**

**1st Quarter 2015**

The information and the individual interim condensed financial statements presented in this report are not audited and have been prepared in accordance with Ministry of Finance Order no. 1286/2012 based on the International Accounting Standard 34 – “*Interim Financial Reporting*”

**May 2015**

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## 1. FOREWORD

The quarterly report of the administrators for the 1<sup>st</sup> quarter 2015 is prepared in compliance with GEO no. 109/2011 regarding the corporate governance of public companies as subsequently amended and with the Administration Contracts concluded between the administrators and the Company.

## 2. ANALYSIS OF THE FINANCIAL STATEMENTS

The information and the individual interim condensed financial statements presented within the present report are not audited and have been prepared in compliance with OMFP no. 1286/2012 for the approval of the Accounting Regulations in accordance with the International Standards of Financial Reporting and related amendments, applicable to companies whose securities are traded on a regulated market, as well as with the International Accounting Standard 34 – „Interim Financial Reporting”.

The company has applied for the issuing of the present individual interim condensed financial statements the interpretation of IFRIC 21 Levies, which is effective for annual periods beginning on or after 17 June 2014 – according to IFRS-EU. IFRIC 21 is applicable to all levies other than those that are within the scope of other standards (e.g. IAS 12 Income Taxes), to fines and other penalties for breaking the law. The comparative values as at March 31<sup>st</sup> 2014 have been restated according to the presentation requests done for the current year.

### 2.1. Individual statement of the financial position as at 31 March 2015

The financial position as at 31 March 2015 is presented in **Appendix 1**.

Thousand RON	March 2015	December 2014	Variation
Non-current assets	7.941.692	8.025.828	-1%
Current assets	1.949.686	1.840.072	6%
<b>Total assets</b>	<b>9.891.378</b>	<b>9.865.900</b>	<b>0%</b>
Non-current liabilities	1.858.402	1.899.194	-2%
Current liabilities	508.225	478.452	6%
<b>Total liabilities</b>	<b>2.366.627</b>	<b>2.377.645</b>	<b>0%</b>
<b>Shareholder's equity</b>	<b>7.524.751</b>	<b>7.488.255</b>	<b>0%</b>
<b>Total equity and liabilities</b>	<b>9.891.378</b>	<b>9.865.900</b>	<b>0%</b>

The **non-current assets** registered a similar level, as of 31.12.2014. The impact of investments done mainly for the projects in progress of completion related to Units 1 and 2 was compensated by the amortization of the period.

The **current assets** registered an increase by 6% compared to 31.12.2014, due to the positive influence upon the cash and cash equivalents (increase by 15%), mainly due to the receivables collection and the VAT reimbursements from the months January and February 2015, with a total amount of 40.835 thousand RON. Thus, the receivables have decreased by 27% and the stocks by 3% compared to their levels as of 31.12.2014. The decrease in receivables is due, mainly, to the decrease in other receivables, due to the cash in of the redistributed penalties towards Hidroelectrica, according to the agreed rescheduling plan.

The **non-current liabilities** have decreased due to the bank installment payments related to the external loans contracted with Societe Generale and Euratom for the completion and commissioning of the Cernavoda NPP Unit 2.

As at 31.03.2015, the increase of the **current liabilities** is due, mainly, to the levies recognition according to IFRIC 21, for special constructions tax, buildings and lands taxes for the year 2015, in amount of approx. 64.813 thousand RON.

According to the Resolution of the EGMS no. 8/06.10.2014, has been approved the increase in SNN's share capital with cash contribution in amount of 194.376.700 RON, representing the cash contribution of the Romanian state, respectively the value of the budget allocations for the period 2006-2009 for the completion of Unit 2 and for financing the works for Cernavoda NPP Units 3-5, this value being presented as at 31.12.2014 in the equity, at the position Reserve for payments in advance to the share capital.

During 05.01.2015 – 04.02.2015, the other shareholders of the company have exercised their preference right and, on 06.02.2015, the company Board of Directors acknowledged and approved the capital increase with the amount of 194.382.850 RON. Consequently, as at 31.03.2015, the reserve for payments in advance to the share capital has been decreased with the increase value of the subscribed and paid share capital.

## 2.2. Profit and loss account for the period ended as at 31 March 2015

During the period of three months ended as at 31.03.2015, SNN recorded a net profit of 35.435 thousand RON.

Thousand RON	March 2015	March 2014	Variation
<b>Production (GWh)</b>	2.762	2.817	-2%
Operating income	486.431	481.926	1%
Operating expenses	-326.166	-352.480	-7%
<b>EBITDA</b>	<b>160.265</b>	<b>129.446</b>	24%
Depreciation and amortization	-116.042	-110.302	5%
<b>EBIT</b>	<b>44.223</b>	<b>19.145</b>	131%
Net finance income	8.055	36.819	-78%
Income tax expenses	-16.843	-24.064	-30%
<b>Profit net</b>	<b>35.435</b>	<b>31.900</b>	11%

The operational profit (EBITDA) has increased by 24% compared to the same period of the previous year, this evolution being the result of the following factors:

- The operating income remained relatively constant compared to the period January-March 2014, with a slight decrease of the total energy quantity produced and delivered. On the regulated market, the energy quantity sold in the 1<sup>st</sup> quarter 2015 decreased by 42% compared to the 1<sup>st</sup> quarter 2014, but this difference was reflected into an increase of 21% for the energy quantity sold on the free market in the same period compared to the 1<sup>st</sup> quarter 2014. This change in sales structure was not reflected into an increase of the income, because, while on the regulated market the energy price has recorded an increase (8% compared to the 1<sup>st</sup> quarter 2014), on the competitive market of bilateral contracts the prices have decreased by 3% compared to the 1<sup>st</sup> quarter 2014.
- The positive evolution of the operating expenses due to the decrease of the tax on special constructions from 1,5% in the year 2014, to 1% for 2015.

The depreciation expenses slightly increased (5% compared to 31.03.2014), due to the commissioning of some investments in the 2nd semester of the year 2014.

The company is exposed to the currency risk against several currencies, among which EUR, CAD and USD. In the 1st quarter 2014, the net currency exchange rate differences (incomes minus expenses from the currency exchange rate differences) have positively influenced the net result of the company, as in the 1st quarter 2015, with a decrease of 78% compared to the same period of the year 2014.

The profit and loss account for the period ended on 31.03.2015 is presented in Appendix 2.

### 2.3. Execution of the Budget of revenues and expenses as at 31.03.2015

The budget of revenues and expenses (“BVC”) proposal for 2015 as well as the explanatory annexes have been submitted to the Ministry of Energy, Small and Medium Sized Enterprises and Business Environment („MEIMMMA”), by letter no. 150623/13.02.2015. Afterwards, this budget proposal was submitted for approval to SNN’s General Shareholders Meeting which took place on April 29<sup>th</sup>, 2015.

The Budget approval procedure is provided under art. 4, paragraph (1), letter a) of the Ordinance no. 26/2013: “The economic operators’ budgets are approved by Government decision [...]”.

Until the date of the current report, SNN’s budget for the year 2015 was not approved by SNN’s General Meeting of Shareholders following that the budget be submitted for approval of a new General Meeting of Shareholders after the budget will be approved by the Government decision; therefore, the budget execution shall be submitted after the approval of the income and expenses budget proposal for 2015.

## 3. OPERATIONAL ACTIVITIES

### 3.1. Electricity production

In the 1<sup>st</sup> quarter of the year 2015, the two units of the Cernavoda NPP produced a quantity of energy of 2.997.101 MWh (brutto) and delivered to the National Energy System 2.761.598 MWh (the difference, namely 235 thousand MWh, is represented by the own consumption of the units during operation, as well as during the unplanned outage of Unit 1).

The electricity production program approved by the Board of Directors of SNN for 2015 was based on a quantity of energy produced and delivered of 2.733.954 MWh and this has been achieved in a percentage of 101,01%.

Compared with the 1<sup>st</sup> quarter of the year 2014, when a quantity of energy of 2.817.423 MWh was produced and delivered to the National Energy System, has been recorded a decrease by 2%.

The gross capacity factors, recorded by the units of Cernavoda NPP in the 1<sup>st</sup> quarter of 2015, as well as cumulatively since in service (Unit 1 on December 2, 1996 and Unit 2 on November 1, 2007) until March 31<sup>st</sup> 2015, were:

	January 2015	February 2015	March 2015	Cumulated Year 2015	Cumulated since the commercial commissioning
Unit 1	101,03%	100,80%	93,13%	98,24%	90,48%
Unit 2	99,86%	99,94%	99,93%	99,91%	94,72%

The installed capacity factor of Unit 1 in March 2015 is influenced by the unplanned outage, which had duration of 50 hours (27-29 March 2015). During this outage, Unit 1 shutdown in a controlled manner for the execution of some precise preventive maintenance works to the systems related to the classic part of the plant.

### 3.2. Electricity sales

The quantities of electricity sold in the 1<sup>st</sup> quarter 2015 and the related revenues, by types of sale contracts are presented in the table below:

#### SNN's electricity sales (quantities, prices and values) in the 1<sup>st</sup> quarter 2015

Sales on types	Quantities in MWh	% of total sales	Price (lei/MWh T <sub>G</sub> included)	Value, (lei)
Regulated contracts	585.427	20,86%	168,96	98.915.346
Sales on the free market (PZU and PI contracts) out of which:	2.208.009	78,68%	166,95	368.637.151
- sales on PCCB, PCCB-NC and supply contracts	1.976.031	70,41%	167,60	331.186.677
- sales on PZU and PI	231.978	8,27%	161,44	37.450.474
Positive PRE imbalances and balancing electricity	13.003	0,46%		184.864
<b>Total sales for 1<sup>st</sup> quarter 2015</b>	<b>2.806.439</b>	<b>100%</b>		<b>467.737.361</b>

Regarding the energy transactions during the 1<sup>st</sup> quarter 2015, the following results were registered:

- The quantity of energy sold based on contracts, on the spot market (PZU – Day Ahead Market and PI – Intra-daily Market) and on the balancing market is of 2.806.439 MWh, with 0,82% over the sales program, of 2.783.623 MWh. The difference between the sold energy and the delivered energy by Cernavoda NPP is represented, mainly, by the energy bought for covering the contractual obligations, for the estimated duration of the unplanned outage, energy quantity that has been purchased from the PZU.
- The income achieved on the energy market related to the energy deliveries from the 1<sup>st</sup> quarter 2015 are of 467.737.361 RON (exceeding by 0,82% compared to the value considered at issuing the BVC proposal for the year 2015 and by 1,60% higher than the outputs from the same period of last year).

The average weighted sales price for the sold quantities of energy (without the balancing market), resulted in the 1<sup>st</sup> quarter 2015, is of 167,38 RON/MWh (including T<sub>G</sub>). In the 1<sup>st</sup> quarter 2014, the average weighted sales price has been of 162,92 RON/MWh.

Except January, the prices on PZU have been, on average, smaller than the prices of the contracts developed by SNN.

SNN energy sales were done, as in the previous periods, based on regulated contracts, on the contracts concluded on the competitive market – attributed through PCCB and PCCB-NC, plus a negotiated supply contract concluded with C.N.T.E.E. Transelectrica S.A., as well as through transactions on the spot market.

The quantities of energy sold based on regulated contracts were in compliance with ANRE Decision no. 2719/15.12.2014. Compared to the year 2014, ANRE reduced the regulated quantities from 35% to 21% of the Cernavoda NPP's planned production for the year 2015. ANRE has established for SNN a regulated price of 158,63 RON/MWh (without T<sub>G</sub>), which partially recognised some justified costs, not recognized in the previous year (50% from the tax on special constructions related to the 1<sup>st</sup> quarter of the year 2014). This value represents an increase of 2,96% of the price established through the ANRE Resolution no. 1408/18.06.2014 applied in the 2<sup>nd</sup> semester 2014, the value of which was of 154,07 RON/MWh (without TG).

For the energy sales on regulated contracts, besides this price the regulated tariff, T<sub>G</sub> is added for the introduction of the energy in the transportation grid, of 10,32 RON/MWh (increased from 10,02 RON/MWh starting with July 2014 through the ANRE Order no.51/26.06.2014).

Out of the effective production of Cernavoda NPP, a percentage of 21,20% has been delivered on regulated contracts, in the 1<sup>st</sup> quarter of 2015.

The quantities of energy sold on the competitive market (bilateral contracts - PCCB) represented, in the 1<sup>st</sup> quarter of the year, 70,4% of the total volume of sold energy. The average sale price on bilateral contracts for the 1<sup>st</sup> quarter of 2015 was of 167,60 RON/MWh, recording a decrease of 2,55% compared to the average price recorded in the 1<sup>st</sup> quarter of 2014, of 171,99 RON/MWh.

During the 1<sup>st</sup> quarter of 2015, SNN concluded 101 energy sale contracts, as follows:

- 6 regulated contracts (with addendums concluded for the year 2015),
- 81 contracts concluded on PCCB;
- 13 contracts concluded on PCCB-NC;
- 1 supply contract (with addendum concluded for the year 2015).

During the 1<sup>st</sup> quarter of 2015, there were no denounced/terminated contracts.

On the spot market, during the 1<sup>st</sup> quarter of 2015, SNN sold a quantity of energy representing 8,27% of the total sales volume, compared to a percentage of 13% registered in the 1<sup>st</sup> quarter 2014. The average sales price of the energy on the spot market achieved by SNN during this period has been of 161,52 RON/MWh (T<sub>G</sub> included), compared to 146,65 RON/MWh registered for the same period of the year 2014.

There were no significant delays compared to the due terms stipulated in the contracts during the 1<sup>st</sup> quarter of 2015.

### **3.3. Expenses on the energy market**

During the 1<sup>st</sup> quarter of 2015, the total value of expenses of SNN on the energy market, as responsibility of SNN, amounted to 35.365.138 RON.

Out of this amount, the taxes for the introduction of the energy in the transportation grid (corresponding to the T<sub>G</sub> – regulated tariff that is paid to C.N.T.E.E. Transelectrica S.A.), the value of the green certificates necessary to be purchased for the supplied energy and the taxes implied by OPCOM for the sale-purchase transactions for the 1<sup>st</sup> quarter, represent 28.587.416 RON.

During the 1<sup>st</sup> quarter of 2015, energy was purchased on the spot market in order to fully cover the contractual obligations, mainly during the unplanned outage from March 2015. Thus, a quantity of 32.836 MWh was purchased at an average price of 119,7 RON/MWh from PZU.

During the 1<sup>st</sup> quarter 2015, expenses in the balancing market amounted to 2.847.671 RON. This amount represents the value of the energy from the balancing market for the compensation of negative unbalances, which occurred due to the differences between the actual quantities of delivered energy and the quantities which were notified on the market as per the contractual obligations for each time frame. The main impact is recorded during March, as a consequence of the unplanned outage of Cernavoda NPP Unit 1.

### 3.4. Investment program as at 31.03.2015

The total value of the investment program of SNN for 2015 is of 292.514 thousand RON. Until the date of this report, the revenues and expenses budget of SNN for 2015 has not been approved by the General Meeting of Shareholders. As a result, the investment program for the year 2015 is in the proposal stage.

The structure of the investment program for the year 2015 is presented in the table below:

No. crt.	Organizational structure	Ongoing investments [thousand RON]	New investments [thousand RON]	Investmtnet in current assets (modernizations) [mii lei]	Equipments [thousand RON]	Total [thousand RON]	Completion degree as at 31.03.2015 (%)
1	SNN Executiv	13.048	26.138	0	818	40.004	0,7%
2	CNE Cernavoda	187.087	8.558	4.355	30.355	230.355	14,4%
3	FCN Pitesti	2.985	130	8.220	10.821	22.156	1,9%
	<b>TOTAL</b>	<b>203.120</b>	<b>34.826</b>	<b>12.575</b>	<b>41.993</b>	<b>292.514</b>	<b>11,6%</b>

As in the previous years, the greatest weight in the investments program is that of the long term investments (ongoing). This is due to the necessary modernization/refurbishment of certain systems, due to economic reasons (reductions of specific consumptions, improvement of certain process parameters, with positive impact upon the efficiency), legal reasons – the need of implementing certain improvements associated to nuclear safety, environment protection and labor security representing imperative requirements issued by the regulatory authorities in the field (CNCAN and Environment Ministry), as well as for complying to the development needs of the energy sector in Romania.

The comparative situation of the achieved investment (value and percentage) for the year 2015 compared to the year 2014, at the end of the 1<sup>st</sup> quarter, is represented in the table bellow.

Year	Investment program value [thousand RON]	Achieved during the 1 <sup>st</sup> quarter (1.01-31.03.2015) [thousand RON]	Completion stage for 1 <sup>st</sup> quarter (1.01-31.03.2015) (%)
2015	292.514	33.837	11,6%
2014	296.737	42.044	14,2%

#### *Analysis of the completion stage of the investment program as at 31 March 2015*

##### **SNN Head office**

The principles at the basis of the SNN Head office investment program were the following:

- The contribution SNN within the IPP type company for the completion of the Units 3 and 4 estimated at 8.840 thousand RON (equivalent to 2.000 thousand EUR), according to the SNN EGMS Resolution no. 7/22.08.2014 for approving the continuation strategy of the Project Cernavoda NPP Units 3 and 4;
- SNN participation to the share capital of the company Hidro Tarnita S.A., in amount of 8.900 thousand RON, according to the SNN EGMS Resolution no. 1/11.03.2014, for approving the subscription of a number of 89.000 new issued shares, with a nominal value of 100 RON, shares that will be issued by Hidro Tarnita S.A.;
- ELINI capitalization (European Liability Insurance for Nuclear Industry) – 4.420 thousand RON;
- SNN participation in amount of 8.840 thousand RON to the establishment of the project company „HVDCC Romania – Turcia S.A.”, according to the SNN EGMS Resolution no. 1/11.03.2014 which approved the participation by subscription and payment of the lei equivalent of a number of 2.000 thousand shares with the nominal value of 1 EUR;
- Security project for the informatics and communications systems, in amount of 2.210 thousand RON, in order to create a solid hardware and software structure meant for the management under perfect security conditions, integrity, confidentiality and availability of the information, assuring the efficient operation at high performance levels and according to the labor security standards;



- Implementing of software applications – extension of the functionalities from the ERP complex (Enterprise Resource Planning), in amount of 1.768 thousand RON;
- Within the investments expenses chapter has been provided the amount of 2.100 thousand lei, representing the consolidation of the headquarters in Magheru 33, in case the building landlords make a decision regarding the starting of the consolidation works. The difference of 4.900 thousand RON, representing the share difference for SNN to the execution of the consolidation works at the headquarters in Magheru was provided for 2016;
- The technical-economic and legal study regarding the reorganization of the uranium mining, processing and nuclear fuel production sector with an estimated value of 1.326 thousand RON.

The completion stage for SNN Head office investment program, as at 31.03.2015 is of 0,7%.

### **Cernavoda NPP Branch**

The investment program of the Cernavoda NPP for the year 2015 amounts to 230.355 thousand RON. The completion stage of the investment program at 31.03.2015 is of 14,4%.

Within the investment program of Cernavoda NPP, the most significant investments expenses are:

- The improvement of the nuclear safety systems, as a consequence of the Fukushima incident – 44.794 thousand RON.
- The modification of the excitation system GENEREX from U1 – 47.000 thousand RON;
- The modernization of the physical protection system – 15.040 thousand RON;
- The development of the computers network infrastructure in the technological buildings U1 and U2 – 19.283 thousand RON;
- The purchasing of independent fixes assets, including heavy water – 30.355 thousand RON.

As regards to the major investment objectives such as PJ-05-016 Intermediate Spent Fuel Storage Facility, including SICA U # 2, PJ-04-001 Modernization and expansion of the physical protection system, PJ-11-006 Improvement of the Cernavoda NPP’s response, namely of the nuclear safety functions in case of events outside of the design base as a consequence of the nuclear accident that occurred at the Fukushima nuclear power plant, their total value stipulated in the SNN investments program for the year 2015 is in amount of 69.245,7 thousand ron.

The degree of implementation of the major investment objectives as at the end of the 1st quarter 2015, compared to the investments program of the company is of 7,3%, according to the table bellow:

Project code	Project name/ Investment objective	2015		Completion stage
		Planned BVC [thousand RON]	Achieved until 31.03.2015 [thousand RON]	(%)
PJ-05-016	Interim spent fuel storage facility (including SICA U2)	9.411	955	10,1%
PJ-04-001	Upgrading and expansion of the physical protection system	15.040	4.117	27,4%
PJ-11-006	Improvement of the Cernavoda NPP’s response, namely the improvement of the nuclear safety functions in case of events outside the designed base as a consequence of the nuclear accident that occurred at the Fukushima 1 Nuclear Power Plant, Japan	44.794	4	0,0%
	<b>Total</b>	<b>69.245</b>	<b>5.076</b>	<b>7,3%</b>

Considering the fact that during SNN General Ordinary Meeting of the Shareholders on 29.04.2015 the update of appendix 1.1 and appendix 1 to the administration contracts concluded between the administrators and the company was proposed, where the targeted completion stage of the major investments objectives is of 7%, the accomplishment degree is of 104,7% of the provided target.

### **FCN (Nuclear Fuel Plant) Pitesti Branch**

The investments program of FCN Pitesti Branch for the year 2015 is in amount of 22.156 thousand lei.

The investments program of FCN Pitesti has been issued considering the replacement needs of the equipments, installations and of other existent tangible assets. Among the investments that are having a greater weight in the investments program of FCN Pitesti, we mention:

- Hall IV ventilation and air conditioning – amount of 1.024 thousand RON;
- Integrated informatics system for the management of the nuclear fuel production (SIMP) – 1.000 thousand RON;
- Modernization of the fuels bundles fabrication line, in order to optimize the fabrication flow and the improvement of the finite product quality – 5.071 thousand RON;
- Modernization of the communication infrastructure, data center arrangement according to the Standard TIA942-1 and implementation of certain measures for reducing the information security risk – 3.149 thousand RON;
- Equipments – 10.821 thousand RON.

The completion stage at the end of the 1st quarter 2015, for FCN Pitesti Branch, was of 1,9%. The following investments objectives were completed, during the first quarter 2015:

- Ventilation installation for the electric vehicles plant – design and execution
- Refurbishment of the work stations, shuttles, offices, laboratories and bathrooms

### **3.4. The activity of Cernavoda NPP Branch**

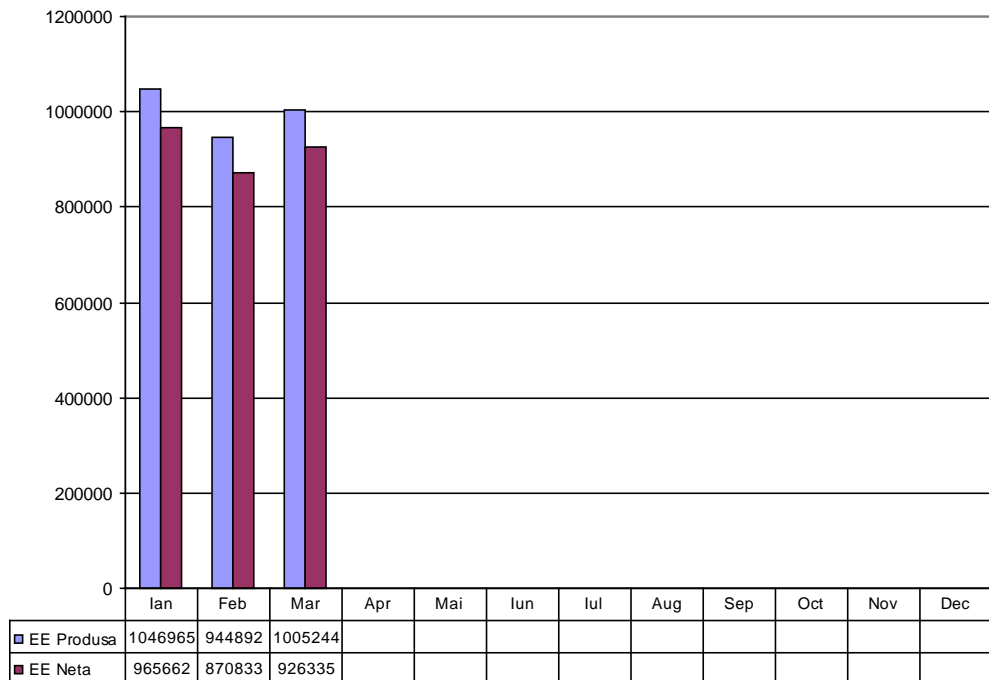
The operation activity was conducted without events with an impact on nuclear safety, personnel, population or environment. The relationship with the regulators was conducted in compliance with the requirements and conditions in the operation licenses.

During the 1<sup>st</sup> quarter of 2015, there were no operation events exceeding level 1 on the international nuclear events scale, regarding the degradation of the in depth barriers, with impact on or off site (indicator 1).

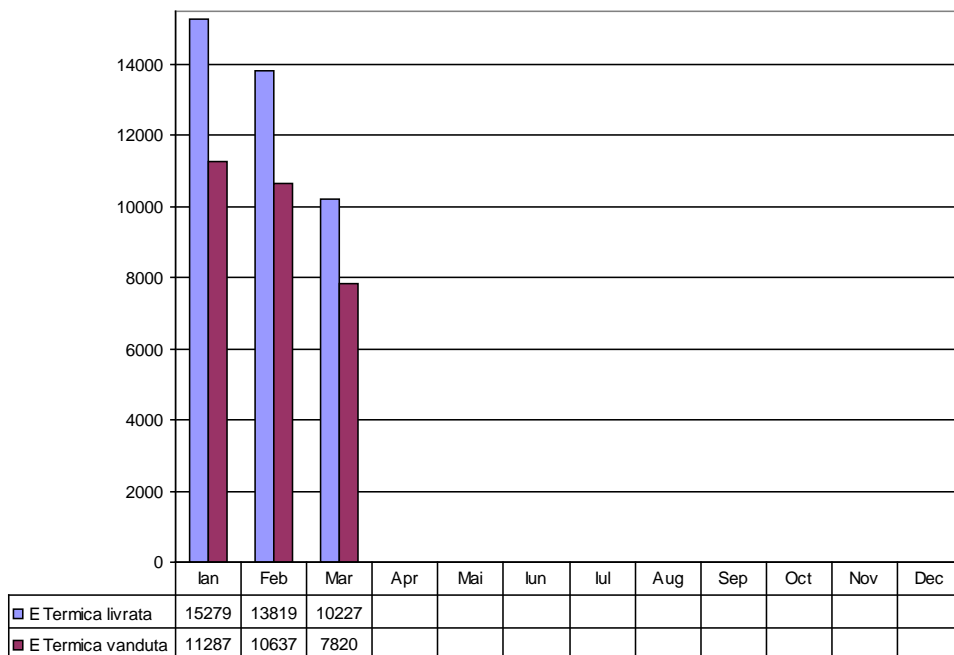
On March 27<sup>th</sup> 2015 Unit 1 has an outage in a controlled manner for a duration of 49 hours (2,04 days). The unplanned outages took place due to the need to remedy the deficiencies noticed to an auxiliary system related to the classical part of the plant. The synchronization to the National Energy System („SEN”) took place on March 29<sup>th</sup> 2015.

The main indicators of the production activity are presented in graphics below:

**Produced/net electricity U1 + U2 (MWh)**  
**(Produced electricity: 2.997.101 MWh/ Net electricity: 2.762.830 MWh)**  
**(cumulated technological consumption 2015: 7,82%)**

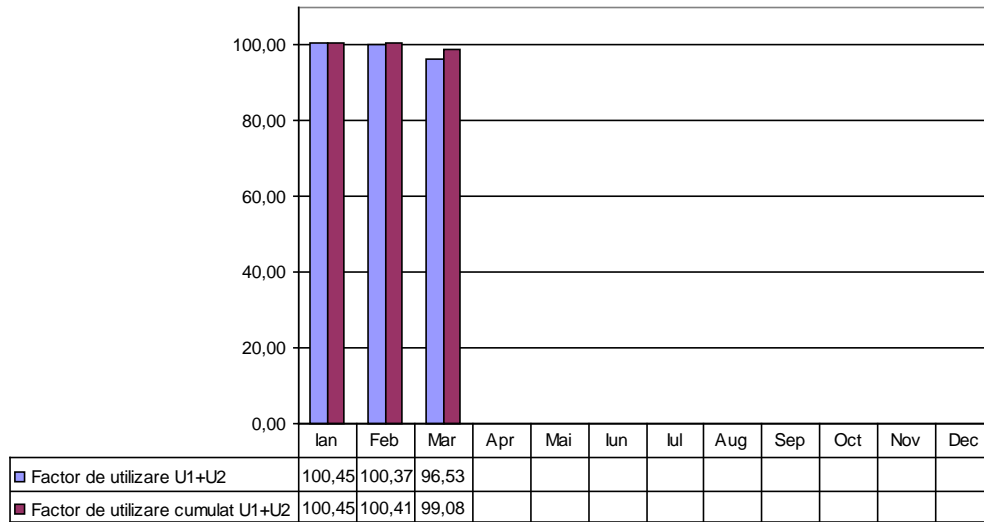


**Thermal power delivered / sold to the district heating system (Gcal)**  
**(Delivered thermal power: 39.324 Gcal / Sold thermal power: 29.744 Gcal)**



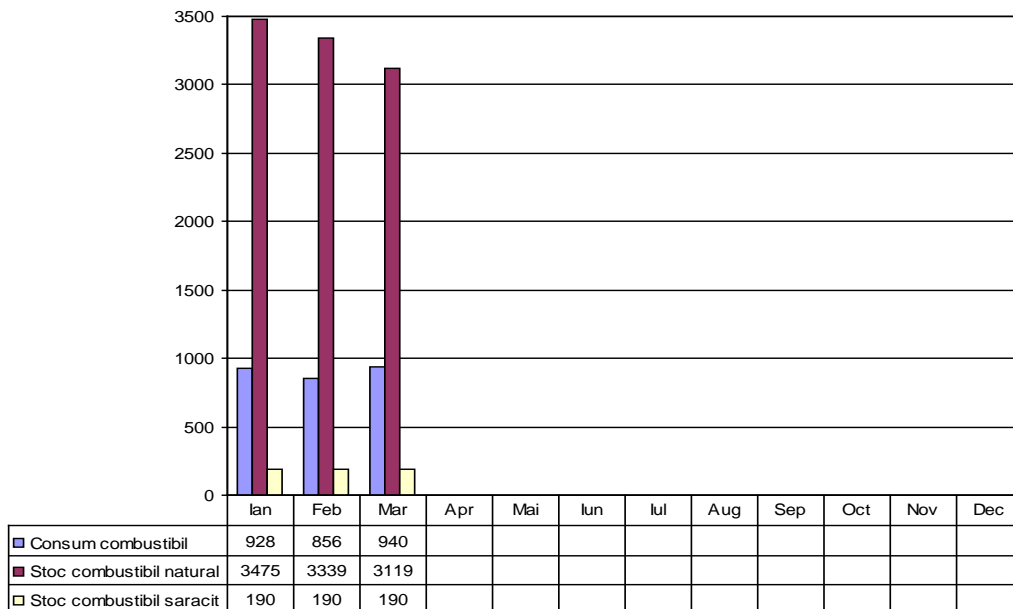
**Installed capacity factor U1 + U2 (%)**

**(Cumulated 2015: 99,08%)**

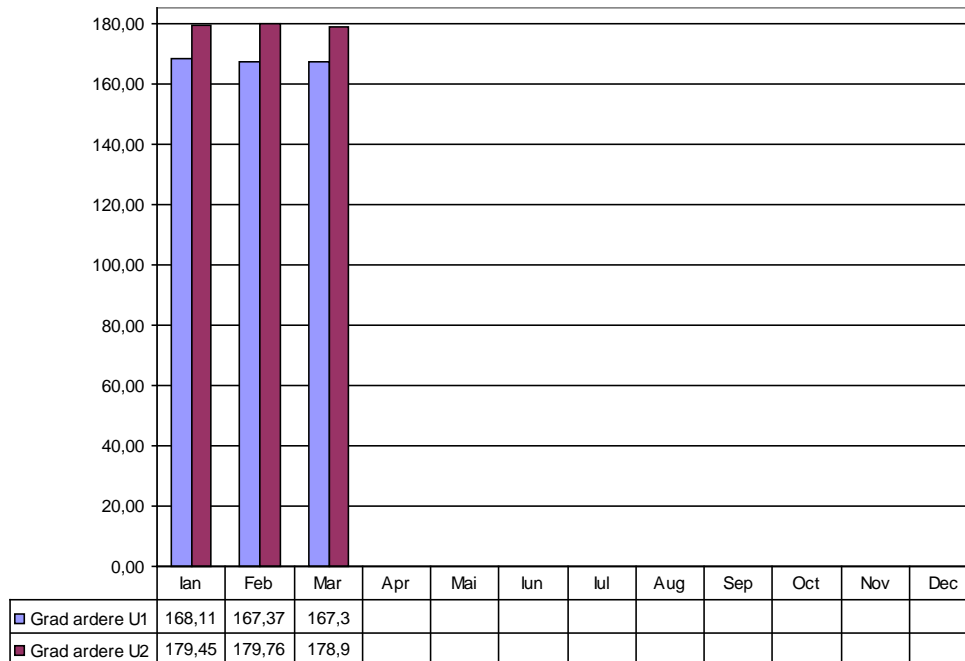


**U1 + U2 fuel consumption / Fuel inventory (bundles)**

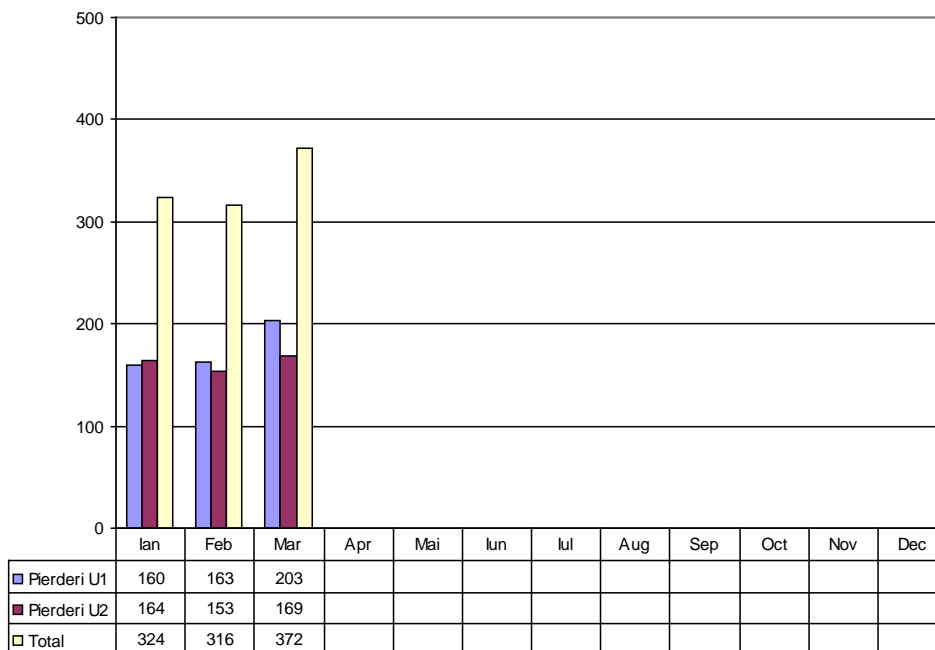
**(Cumulated consumption 2015: 2.724)**



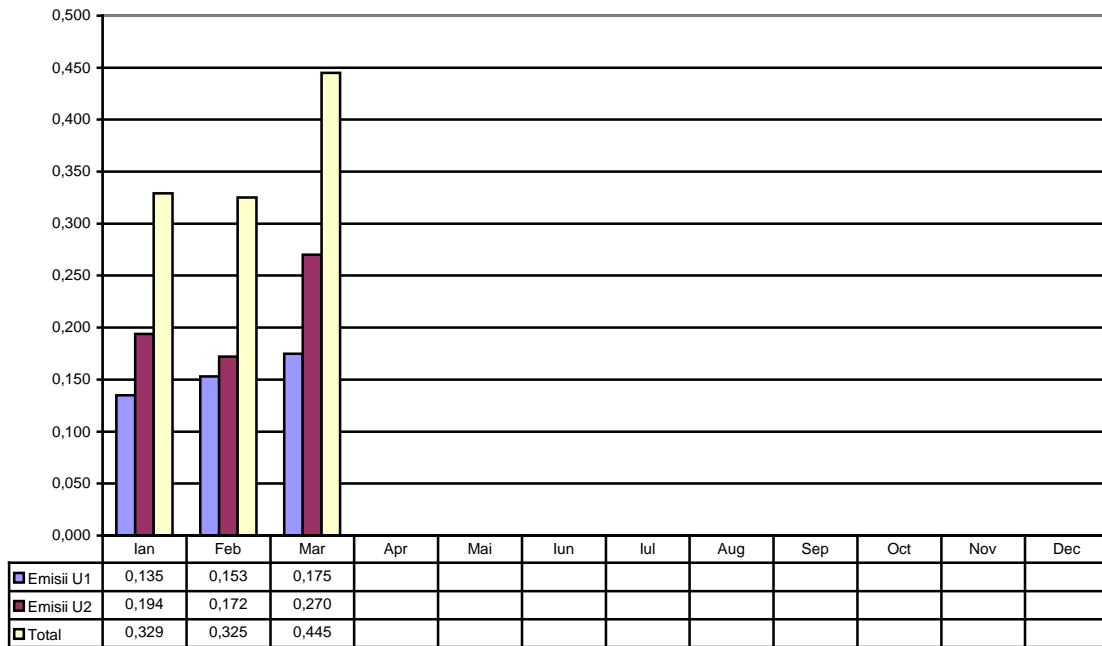
**Fuel burnup factor (MWh/KgU)**  
**(Cumulated 2015: 173,48 / Stipulated in the project: min. 156,00)**



**Heavy water losses U1+U2 (Kg)**  
**(Cumulated 2015: 1.012 / Stipulated 2014: max. 6.800)**



**U1 + U2 radioactive emissions to the environment (µSv)**  
**(Total 2015:1,099/annual limit: 13,00)**



**3.6. FCN Pitesti Branch activity**

During the 1<sup>st</sup> quarter of 2015, a number of 3.600 nuclear fuel bundles were manufactured, controlled and accepted, complying with the specifications, as per the manufacturing plan. Compared to the same period of the year 2004, the production of nuclear fuel bundles increased with 10,63 % (from 3.254 bundles, at 31.03.2014, to 3.600 bundles, as at 31.03.2015).

FCN has delivered in the first quarter of 2015 to Cernavodă NPP the quantity of 2.160 nuclear fuel bundles, according to the agreed delivery chart.

The uranium price in sinthered uranium dioxide powder has increased from 460 RON/kg, in the first quarter 2014, to 475 RON/kg, in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2014 and has maintained at the same level in the first quarter of 2015.

## **4. OTHER SIGNIFICANT ASPECTS**

### **4.1. The increase of the company share capital**

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

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

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

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

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

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

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

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

## **4.2. Cernavoda NPP Units 3 and 4 Projects**

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

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

## **4.3. Litigations with the shareholder Fondul Proprietatea S.A.**

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

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

## **4.4. Update and approval of the Regulations regarding the organization and unfolding of the General Meeting of Shareholders**

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

## **4.5. Enel investment opportunity**

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

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

## **4.6. Major litigations**

The situation of the major litigations (in amount of over 500 thousand RON) and of the ones not evaluated monetarily, in progress on 31.03.2015 is presented in **Appendix 3**.



## 5. THE MAIN ECONOMICAL AND FINANCIAL INDICATORS AS AT 31.03.2015

The performance of the company is reflected in the accomplishment of the economic financial indicators, as follows:

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

\*) Based on the unaudited individual interim condensed financial statements

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

## 6. DEGREE OF ACCOMPLISHMENT OF PERFORMANCE INDICATORS

The performance indicators and criteria included in the mandate contracts of the administrators and directors were established at the middle of 2013 on the basis of the local applicable accounting standards. Starting with the financial year 2013, SNN applied the International Financial Reporting Standards (IFRS).

During the General Meeting of Shareholders of April 29<sup>th</sup>, 2015, the Board of Directors of SNN proposed an update of the Appendix 1 and 1.1. to the mandate contract with the level of indicators and performance criteria for the year 2014 in accordance with the revenues and expenditures budget proposal, appendix which also contains the quarterly break down of the performance indicators and criteria.

The General Meeting of Shareholders did not approve the revenues and expenditures budget of the company for the year 2014 and neither the update of the performance indicators and criteria for the year 2015, thus, currently we are not able to present the degree of accomplishment of the performance indicators and criteria for the first quarter of 2015.

**Board of Directors**  
**Alexandru Sandulescu**  
**President**

**Appendix 1 – Financial position as at 31.03.2015**

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

**Appendix 2 – Profit and loss account for the period ended as at 31.03.2015**

**SN Nuclearelectrica SA**Quarterly report of the Board of Directors for the period January 1<sup>st</sup> – March 31<sup>st</sup> 2015*(All amounts are presented in RON, unless otherwise stated)*

	<b>3 months period ended as at 31 March 2015  (unaudited)</b>	<b>3 months period ended as at 31 March 2014 (unaudited, restated)</b>
<b>Revenues</b>		
Sales of electricity	440.292.937	433.304.900
Electricity transmission revenues	28.497.774	28.227.966
<b>Total revenues</b>	<b>468.790.711</b>	<b>461.532.866</b>
Other income	17.640.130	20.393.217
<b>Operation expenses</b>		
Depreciation and amortization	(116.041.804)	(110.301.628)
Personnel expenses	(65.116.255)	(68.514.307)
Cost of traded electricity	(6.887.794)	(3.579.992)
Repairs and maintenance	(15.295.853)	(13.154.705)
Electricity transportation expenses	(28.497.774)	(28.227.966)
Costs with spare parts	(3.195.919)	(5.434.906)
Cost of uranium fuel	(42.354.421)	(36.034.089)
Other operating expenses	(164.815.573)	(197.533.925)
<b>Total operating expenses</b>	<b>(442.207.393)</b>	<b>(462.781.517)</b>
<b>Operating result</b>	<b>44.223.448</b>	<b>19.144.566</b>
Finance costs	(33.571.817)	(12.725.899)
Finance income	41.626.695	49.545.192
<b>Net finance cost</b>	<b>8.054.878</b>	<b>(36.819.293)</b>
<b>Profit before income tax</b>	<b>52.278.326</b>	<b>55.963.859</b>
Income tax expense	(16.842.990)	(24.963.296)
<b>Net profit</b>	<b>35.435.336</b>	<b>31.899.562</b>

### Appendix 3 – SNN major litigations as at 31.03.2015 (over 500 thousand lei), inclusive the monetary unevaluated ones

No.	File number	Court of Law	SNN position	Opponent	Object / Value	Current process stage	Previous process stages	Process stage term Hearind
	<b>SNN Executive</b>							
1.	3868/118/2012	Constanta Court of Law	Creditor	PROCONEX UNIVERSAL S.R.L.	Bankruptcy, individual procedure receivables accepted, 3.369.886,85 lei	On the roll		25.05.2015
2.	27406/3/2012	High Court of Cassation and Justice	Claimant Creditor	Tinmar Ind S.A.	Delay penalties, tariff and interest admitted 1.286.326,78 lei and 18.345,23 lei court expenses	Appeal re-judgment at Bucharest Appeal Court	<p><u>Trial on the merits of the case (Bucharest Court of Law):</u> Partially admits the request of SNN – Tinmar Ind S.A. has the obligation to pay the amount of 1.230.780,39 lei and 16.423,80 lei court expenses</p> <p><u>In appeal (Bucharest Appeal Court):</u> partially changes the sentence – more over to the merits of the case, Tinmar Ind S.A. has the obligation to pay SNN the amount of 55.546,39 lei and 555,47 lei court expenses, for the merits of the case and 1.365,96 lei appeal expenses.</p> <p><u>In appeal (High Court of Cassation and Justice)</u> admits the appeal, quashes the decision of Bucharest Appeal Court and the file is sent to Bucharest Appeal Court for being retrial</p>	
3.	2183/115/2010	Caras-Severin Court of Law	Creditor	Cet Energoterm Resita S.A.	Bankruptcy, receivables 580.974,21 lei	On the merits of the case		26.06.2015
4.	48031/299/2010	Sector 1 Court of Law	Civil party	Rotaru Ioan, Ispas Gheorghe, Irimie Traian TESS civil responsible party	Penalties, corruption – abuse in office 13.493.080,3 lei	On the merits of the case		29.04.2015
5.	35455/3/2013	Bucharest Appeal Court	Intimate	Transelectrica	Penalties 646.270,87 lei	Appeal	<p><u>On the merits of the case:</u> Partially admits the action. Obliges SNN to pay the plaintiff the amount of 10,44 lei penalties. Rejects the rest of the plaintiff's claims as prescribed. Obliges SNN to pay the plaintiff the amount of 1 leu court expenses.</p> <p><u>Appeal:</u> Partially admits the appeal. Rejects the prescription exception and sends for retrial to the first Court.</p>	
6.	9089/101/2013	Mehedinti Court of Law	Creditor	RAAN	Insolvency Receivables in plan, reorganization 5.450.135,91 lei	On the merits of the case	SNN requestes receivables in amount of 7.828.405,48 lei. According to the reorganization plan, SNN will receive	23.04.2015

**SN Nuclearelectrica SA**

 Quarterly report of the Board of Directors for the period January 1<sup>st</sup> – March 31<sup>st</sup> 2015

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

							5.450.135,91 lei, in two years.	
7.	7238/120/ 2012	Dambovită Court of Law	Creditor	Eco Energy	Bankruptcy receivables 2.464.059,64 lei	On the merits of the case		11.05.2015
8.	3793/2/2013	High Court of Cassation and Justice	Intimate	Greenpeace CEE Romania	Issuing annulment of the environment agreement. Project of the Units 3-4	Appeal		
9.	873/1259/ 2008	Arges Court of Law	Creditor	Termoficare 2000 SA	Bankruptcy receivables 2.713.986,71 lei	On the merits of the case		24.03.2015
10.	18770/3/2007	Bucharest Court of Law	Creditor	Condem SA	Bankruptcy receivables 2.446.227,08 lei	On the merits of the case		02.09.2015
11.	11661/3/2014	Bucharest Appeal Court	Intimate	Fondul Proprietatea S.A.	Absolute nullity notice of the Resolution AGEA S.N.N. no. 1/11.03.2014	On the merits of the case	Retrial at Bucharest Court of Law	22.05.2015
12.	416/2/2014	Bucharest Appeal Court	Petitioner Claimant	National Regulation Authority in the Energy field	Modification of the regulated tariff through the Resolution 3609/2013	On the merits of the case	Waiting for the sentence writing down	
13.	22456/3/2012*	Bucharest Court of Law	Creditor	Hidroelectrică S.A.	Receivable reorganization 70.093.550,47 lei	On the merits of the case	As per the convention concluded on 17.06.2013 between SNN and Hidroelectrică through the legal administrator and the special administrator, Hidroelectrică is obliged to pay the receivable in the amount of 70.093.550,47 lei in 24 monthly installments starting with July 2013. Currently, the remaining amount is of 5.841.129,27 lei.	10.06.2015
	FCN Pitesti							
14.	544/109/2015	Arges Court of Law	Defendant	Goga Gheorghe	Intellectual property	On the merits of the case		13.05.2015