SN NuclearelectricaSA

Consolidated Financial Statements
as at and for the year ended on
December 31, 2015

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

(All amounts are presented in RON, unless otherwise indicated.)

		December 31, 2015 (audited)	December 31, 2014 (audited, restated)
Assets			
Non-current assets			
Property, plant and equipment (PP&E)	5	7.615.323.640	7.927.534.114
Intangible assets	6	80.006.400	94.579.281
Total non-current assets		**7.695.330.040**	**8.022.113.395**
Current assets			
Inventories	7	323.222.357	328.081.432
Recoverable income tax		1.173.730	-
Trade and other receivables	8	163.579.415	240.317.426
Prepayments		12.073.377	18.546.205
Bank deposits	9	1.103.841.528	31.442.715
Cash and cash equivalents	9	259.943.096	1.158.859.684
Total current assets		**1.863.833.503**	**1.777.247.462**
Total assets		**9.559.163.543**	**9.799.360.857**
Equity and liabilities			
Equity			
Share capital	10	3.210.641.253	3.013.330.303
Share premium	10	31.474.149	31.474.149
Prepaid share reserve	10	21.553.537	217.820.977
Revaluation reserve	10	1.773.743.734	1.770.574.705
Retained earnings	10	2.457.912.749	2.399.460.799
Total shareholders' equity		**7.495.325.422**	**7.432.660.933**
Non-controlling interest			
Total equity		**7.495.325.422**	**7.432.660.933**
Liabilities			
Long-term liabilities			
Long-term borrowings	11	1.279.606.054	1.496.191.642
Long-term deferred income	18	157.791.277	172.135.939
Deferred income tax liability	13	173.496.018	186.372.003
Employee benefits	15	31.796.021	33.267.120
Total long-term liabilities	14	**1.642.689.370**	**1.887.966.704**
Current liabilities			
Accounts payable and other liabilities	12	197.428.572	244.636.285
Current tax liability		-	4.507.170
Deferred income		21.671.875	24.909.505
Current portion of long term Borrowings	11	202.048.304	204.680.260
Total current liabilities		**421.148.751**	**478.733.220**
Total liabilities		**2.063.838.121**	**2.366.699.924**
Total equity and liabilities		**9.559.163.543**	**9.799.360.857**

(All amounts are presented in RON, unless otherwise indicated.)

	Note	2015 (audited)	2014 (audited)
Revenues			
Sales of electricity	15	1.673.421.590	1.685.350.384
Electricity transmission revenues		75.247.078	109.272.960
Total revenues		**1.748.668.668**	**1.794.623.344**
Other income	18	34.340.020	19.640.158
Operation expenses			
Depreciation and amortization		(493.762.157)	(425.873.117)
Personnel expenses		(302.418.531)	(300.020.637)
Cost of traded electricity		(26.828.898)	(29.499.135)
Repairs and maintenance		(129.820.114)	(130.414.701)
Electricity transmission expenses		(75.247.078)	(109.272.960)
Costs with spare parts		(18.721.768)	(24.748.712)
Cost of nuclear fuel		(139.198.799)	(134.241.709)
Other operating expenses	16	(437.911.061)	(486.389.314)
Total operating expenses		**(1.623.908.406)**	**(1.640.460.285)**
Operating result		**159.100.282**	**173.803.217**
Financial costs	17	(150.922.573)	(117.893.368)
Financial income	17	168.405.487	96.795.817
Net financial costs		**17.482.914**	**(21.097.551)**
Profit before income tax		**176.583.196**	**152.705.666**
Net income tax expense	13	(29.184.696)	(21.290.850)
Profitfor the fiscal year		**147.398.500**	**131.414.816**
Profit attributable to:			
Owners of the Group		147.398.500	131.414.816
Non-controlling interest		-	-
Profit for the fiscal year		**147.398.500**	**131.414.816**

The consolidated financial statements on pages 1-51 were approved for publication by the senior management on March 23, 2016 and signed on its behalf by:

Daniela Lulache
CEO

Mihai Darie
CFO

(All amounts are presented in RON, unless otherwise indicated.)

	Note	2015 (audited)	2014 (audited)
Profit for the fiscal year		**147.398.500**	**131.414.816**
Other comprehensive income			
Items that will never be reclassified in the profit or loss			
Revaluation of PPE	5	3.772.653	-
Deferred tax related to the revaluation reserve	13	(603.624)	-
Actuarial gains (loss) on defined benefits plan		1.447.515	(4.180.478)
Other comprehensive income		**4.616.544**	**(4.180.478)**
Total comprehensive income		**152.015.044**	**127.234.338**
Attributable to:			
Owners of the Group		152.015.044	127.234.338
Non-controlling interest		-	-
Total comprehensive income for the fiscal year		**152.015.044**	**127.234.338**
Earnings per share			
Basic earnings per share (RON/share)	21	**0,50**	**0,47**
Diluted earnings per share (RON/share)	21	**0,50**	**0,44**

(All amounts are presented in RON, unless otherwise indicated.)

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at January 1, 2015 (audited, restated)		**3.013.330.303**	**31.474.149**	**217.820.977**	**1.770.574.705**	**2.399.460.799**	**7.432.660.933**	**-**	**7.432.660.933**
Comprehensive income for the year									
Profit for the year		-	-	-	-	147.398.500	**147.398.500**	-	**147.398.500**
Other comprehensive income (AERG)		-		-	3.169.029	1.447.515	**4.616.544**	-	**4.616.544**
Total comprehensive income for the fiscal year		**-**		**-**	**3.169.029**	**148.846.015**	**152.015.044**	**-**	**152.015.044**
Share issuance		197.310.952		(197.304.802)	-	-	**6.150**	-	**6.150**
Transfer to reserve		(2)		-	-	-	**(2)**	-	**(2)**
Increase in prepaid reserve increase	**10**	-		1.037.362	-	(27.753)	**1.009.609**	-	**1.009.609**
Dividends distributed		-		-	-	(90.366.312)	**(90.366.312)**	-	**(90.366.312)**
Balance as at December 31, 2015 (audited)		**3.210.641.253**	**31.474.149**	**21.553.537**	**1.773.743.734**	**2.457.912.749**	**7.495.325.422**	**-**	**7.495.325.422**

(All amounts are presented in RON, unless otherwise indicated.)

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at January 1, 2014 (audited)		**3.013.330.303**	**31.474.149**	**215.930.237**	**1.770.574.705**	**2.667.598.242**	**7.698.907.636**	**22.474.502**	**7.721.382.138**
Adjustment of accounting errors		-	-	-	-	**(58.941.562)**	**(58.941.562)**	-	**(58.941.562)**
Balance as at January 1, 2014 (restated)		**3.013.330.303**	**31.474.149**	**215.930.237**	**1.770.574.705**	**2.608.656.680**	**7.639.966.074**	**22.474.502**	**7.662.440.576**
Comprehensive income for the year									
Profit for the year		-		-	-	131.414.816	**131.414.816**	-	**131.414.816**
Other comprehensive income (AERG)		-		-	-	(4.180.478)	**(4.180.478)**	-	**(4.180.478)**
Total comprehensive income for the year		**-**		**-**	**-**	**127.234.338**	**127.234.338**	-	**127.234.338**
Increase in prepaid reserve increase	**10**	-		1.890.740		-	**1.890.740**	-	**1.890.740**
Purchase of non-controlling interest	**10**			-	-	4.526.916	**4.526.916**	**(22.474.502)**	**(17.947.586)**
Dividents distributed		-		-		(340.957.135)	**(340.957.135)**	-	**(340.957.135)**
Balance as at December 31, 2014 (audited, restated)		**3.013.330.303**	**31.474.149**	**217.820.977**	**1.770.574.705**	**2.399.460.799**	**7.432.660.933**	**-**	**7.432.660.933**

(All amounts are presented in RON, unless otherwise indicated.)

	2015 (audited)	2014 (audited)
Cash flows from operating activities	**176.583.196**	**152.705.666**
Profit before income tax		
Adjustments for:		
Depreciation and amortization	493.762.157	425.873.117
(Gains) loss of trade receivables and other receivables value	(877.223)	682.441
(Gains) loss of inventories value	(1.662.547)	2.377.648
Provisions	8.588.083	10.714.953
Loss from the non-current assets sold	102.904	442.063
Net financial costs/(gains)	(17.903.107)	21.097.551
Changes in:		
Decrease/(increase) in trade and other receivables	85.683.581	(56.493.132)
Decrease/(increase) in inventories	(7.667.972)	(13.745.154)
Variation of deferred income	(17.582.292)	(21.442.739)
(Decrease) in trade and other liabilities	(27.234.197)	(7.895.050)
Cash flows generated from operating activities	**691.792.583**	**514.317.364**
Income tax paid	(48.345.205)	(62.474.845)
Interest received	18.700.167	34.846.820
Interest paid	(13.629.233)	(18.506.316)
Net cash from operating activities	**648.518.312**	**468.183.023**
Cash flows used in investing activities		
Purchase of intangible assets	(8.262.645)	(15.933.093)
Purchase of property, plant and equipment	(168.026.264)	(151.306.434)
Proceeds from the sale of property, plant and equipment	171.404	235.472
(Increase)/Decrease in bank deposits	(1.072.398.813)	673.082.990
Net cash used in investing activities	**(1.248.516.318)**	**506.078.935**
Cash flow from financing activities	(210.715.164)	(217.050.422)
Repayments of borrowings	(88.209.568)	(331.651.879)
Payments of dividends	-	(17.947.585)
Purchase of non-controlling interest	6.150	-
Share issuance	**(298.918.582)**	**(566.649.886)**
Net cash flow from financing activities		
Net increase in cash and cash equivalents	**(898.916.588)**	**407.612.072**
Cash and cash equivalentsas at January 1, (Refer to Note9.)	**1.158.859.684**	**751.247.612**
Cash and cash equivalentsat the end of the fiscal year (Refer to Note 9)	**259.943.096**	**1.158.859.684**

1. REPORTING ENTITY

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

The consolidated financial statements of the Company prepared for the fiscal year ended on December 31, 2015 comprise the financial statements of the Company and those of its branch Energonuclear SA ("Energonuclear"), (together referred to as the "Group"). As at December 31, 2015 and December 31, 2014, the Company owns 100% of Energonuclear SA. The main operating location is in Cernavoda in the eastern part of Romania, where the Company has two operating nuclear reactors (Unit 1 and Unit 2) and two nuclear reactors in early stage of construction (Unit 3 and 4) and a nuclear reactor (Unit 5) for which the shareholders of the Company approved a change in purpose. The construction of Units 3 and 4 was planned to be completed by Energonuclear; currently, there is a new strategy for the continuation of the Units Project 3 and 4 was approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information please see note 5). The two operating nuclear reactors are based on CANDU technology (Canada Deuterium Uranium, PHWR type).

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

The main activity of the Company is to generate electricity by operating Units 1 and 2. Energonuclear S.A. was constituted in March 2009 for the purpose of constructing and operating the two 720 MW CANDU 6 reactors in Cernavodă (Units 3 and 4).

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Romanian EnergyRegulatory Authority ("ANRE"), an autonomous public institution. ANRE establishes through annual decision the tariffs to be used by the Group for selling electricity on regulated market. In 2015, the Company delivered approximately 21% of the energy sold on the regulated market (2014: 35%). The total quantity of elecetricity sold in 2015 amounts to10.780.618 MWh (2014:10.843.782 MWh). The average price for the electricity sold by the Companyon the regulated market in 2015 was 159 RON/MWh (2014: 150 RON/MWh), net of the tariff for the transmission service paid to Transelectrica for using the electricity transmission network.

Since November 4, 2013, the shares of the Companyhave been traded on the Bucharest Stock Exchange, under the issuing symbol SNN.

As described in Note 10, on December 31, 2015 the shareholders of the Company are: The Romanian State through theMinistry of Energy which holds 248,736,619 shares representing 82.4959% of the share capital, Fondul Proprietatea SA which holds 27,408,381shares representing 9.0903% of the share capital and other natural personsshareholders holding together 25,368,851 shares, representing 8.4138% of the share capital.

These individual financial statemenst were approved for publication by the senior management of the Group on March 23, 2016.

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of measurement

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

c) Functional and presentation currency

The consolidated financial statements are presented in Romanian Lei ("RON"), which is the functional currency of the Group. All financial information is presented in RON, unless otherwise indicated.

d) Use of estimates and professional judgments

The preparation of the consolidated financial statements in conformity with IFRSs requires the senior management to make professional judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses, useful life of non-current assets (Refer to Note 3d), assumptions used in determining the fair value (Refer to Note 4 and Note 22e), assumptions made in determining the fair value ofproperty, plant and equipment) (Refer to Note 5), the transfer to property, plant and equipment of those spare parts which meet the recognition criteria required by IAS 16 (Refer to Note 5), the recoverability of trade receivables (Refer to Note 8), assumptions regarding the net recoverable value of inventories (Refer to Note 9), assumptions regarding the calculation of employee benefits (Refer to Note 14), the period on which the governmental subsidies are transferred to the profit and loss account (Refer to Note 3q and Note 18). Actual results may differ from the estimates ones.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been applied consistently for all periods presented in these individual financial statements prepared by the Group.

a) Consolidation basis

(i) Combination of enterprises

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

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred, plus
- The recognised amount of any non-controlling interests in the acquire, plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire, less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

(ii) Acquisition of non-controlling interest

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

(iii) Subsidiaries

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

(iv) Loss of control

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

(All amounts are presented in RON, unless otherwise indicated.)

(v) ***Transaction eliminated on consolidation***

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

b) Trades in foreign currencies

Transactions in foreign currencies are translated to RON by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the period are translated to RON at the exchange rates prevailing on that date (the exchange rate used is the one published by the National Bank of Romania). Exchange gains and losses, realised or unrealised, are included in profit or loss for that year. The exchange rates on December 31, 2015 and December 31, 2014 for the major currencies the Group trades in are as follows:

	Average exchange rate		**Exchange rate as at**	
	2015	**2014**	**December 31, 2015**	**December 31, 2014**
RON/ EUR	4,4450	4,4446	4,5245	4,4821
RON/ USD	4,0057	3,3492	4,1477	3,6868
RON/ CAD	3,1363	3,0315	2,9858	3,1836
RON/ GBP	6,1255	5,5136	6,1466	5,7430

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

c) Accounting for the effects of hyperinflation

Romania had in the past a very high level of inflation and was considered a hyperinflationary economy, as defined in the International Accounting Standard (IAS) 29 "Financial reporting in hyperinflationary economies". IAS 29 require that financial statements prepared in the currency of a hyperinflationary economy should be expressed in relation to the measuring unit current at the end of the reporting period. Because the features of the Romanian economic environment indicated that hyperinflation had ceased on January 1, 2004, the Group no longer applied IAS 29 starting on January 1, 2004. Consequently, the amounts expressed in the measuring unit current on December 31, 2003 are treated as the basis for the carrying amounts of these financial statements.

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

Recognition and measurement

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

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

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

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

Land, special constructions, administrative buildings and other buildings are accounted for at the fair value, based on valutations performed by independent valuers by using the market values and depreciated replacement cost basis, less accumulated depreciation and impairment loss if applicable.

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

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

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

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

Units 1, 2, 3, 4 and 5 were considered a single project, and therefore the costs incurred before 1990 were not accounted separately for each unit. In 1991, the Group conducted a cost allocation for each unit. This allocation is based on cost of the non-current assets included in property, plant and equipment in progress.

Items such as spare parts, spare equipment and maintenance equipment are acknowledged as property, plant and equipmentaccording to IAS 16 when they meet the definition of property, plant and equipment. All other parts are acknowledged as inventories.

Subsequent expenditure

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

Depreciation

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

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

The estimated useful lives are as follows:

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

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

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

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

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

e) Intangible assets

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

Research and development

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

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

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

Subsequent expenditure

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

f) Impairment of non-financial assets

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

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

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

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

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

g) Inventories

Inventories consist of consumables, spare parts which 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.

h) Recognition and derecognition of non- derivative financial instruments

Non derivative financial assets

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

The Group derecognises a financial asset when the 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 Group is recognised as a separate asset or liability.

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

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

Non derivative financial liabilities

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

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

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

Other financial liabilities comprise borrowings and trade and other payables.

i) Trade and other receivables

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

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

j) Cash and cash equivalents

Cash and cash equivalents includes cash, current accounts and bank deposits with an original maturity of up to three months, which are subject to an insignificant risk in change of fair value. Bank deposits in the statement of financial position refer to those bank deposits having an initial maturity of over 3 months.

k) Share capital

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

l) Legal reserve

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

m) Prepaid 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.

n) Dividends

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

o) Trade and other payables

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

Following the *IFRIC 21* Taxes implementation, the Company amended its accounting policies regarding the moment of acknowledging the debt regarding the special buildings tax and local taxes and fees. The amendment was implemented first in the financial statements for 2014. According to IFRIC 21, the Company acknowledges the debt regarding these taxes at the moment when the activity that triggers the payment, as defined by the relevant law, occurs. In addition, a debt regarding the taxes is estimated progressively, only if the activity triggering the payment occurs during a period of time.

IFRIC 21 is applicable retrospectively to all taxes imposed by the governmental authorities under the legislation, other than cash outflows subject to other standards (eg: IAS 12 Income Taxes), fines and other penalties for violating the law.

IFRIC 21 mentions that this interpretation does not address the means of registration of the counter-party for this debt (respectively asset or cost) and that an asset is acknowledged in case a debt was paid in advance and there is no present payment obligation.

The Company considers that the acknowledging moment for the debt is determined by the existence of assets in its patrimony representing the base of taxes and as a consequence, the debt for the special building tax and local taxes and fees is fully acknowledged on the 1st of January in trade-off with the corresponding expense. The amounts paid before the term mention in the current law are recognized as advanced payments and subsequently continued on expenses to fulfill the payment terms provided by the corresponding law.

p) 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.

q) Government grants

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

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

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss 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 in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

(iii) Tax exposure

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

s) Employee benefits

(i) Defined benefits plans

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

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

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

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

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

(ii) Other long-term benefits granted to employees

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

(iii) Short term employee benefits

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

t) Provisions

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

u) Revenues recognition

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

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

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

v) Finance income and finance costs

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

w) Operating segments

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

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

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

x) Earnings per share

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

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

y) Related parties

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

z) Contingencies

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

aa) Comparatives

Where necessary, comparative figures have been amended so as to comply with the changes occurred in the current year presentation.

bb) The implications of new International Financial Reporting Standards (IFRS)

During the current year the Group has applied all new standards and amendments to the International Financial Reporting Standards (IFRS), which are relevant to its operations and are effective for the accounting periods beginning on 1 January 2015, approved by the European Union.

Upon the date of approval of these financial statements, a number of standards and interpretations issued by the International Accounting Standards Board (IASB) apply, but only some of them were adopted by the European Union. The Group's management expects that the implementation of these accounting standards in future periods will have no material effect on the financial statements of the Group.

4. DETERMINATION OF FAIR VALUES

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from 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 special constructions are primarily based on the cost method considering their peculiarities.

(All amounts are presented in RON, unless otherwise indicated.)

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Nuclear power plants	Machineriy, equipment and other assets	Non-current assets under construction	TOTAL
Cost					
Balance on January 1, 2014	**26.798.388**	**5.877.495.178**	**1.621.356.843**	**1.305.453.501**	**8.831.103.910**
Additions	1.890.740	-	6.288.291	156.335.273	**164.514.304**
Additions in Units 3&4	-	-	-	3.997.501	**3.997.501**
Transfers	-	194.699.813	121.209.147	(315.908.960)	-
Disposals	-	-	(3.887.640)	(25.785.183)	**(29.672.823)**
Balance on December 31, 2014	**28.689.128**	**6.072.194.991**	**1.744.966.641**	**1.124.092.132**	**8.969.942.892**
Balance on January 1, 2015	**28.689.128**	**6.072.194.991**	**1.744.966.641**	**1.124.092.132**	**8.969.942.892**
Additions	1.006.071	-	14.087.194	125.931.414	**141.024.679**
Revaluation of special buildings/land/constructions	4.357.831	4.417.451	(5.002.628)	-	**3.772.653**
Offsetting of accumulated amortization upon revaluation	-	(673.807.685)	(64.438.939)	-	**(738.246.624)**
Transfers	-	12.772.406	140.213.936	(152.986.343)	-
Inventory transfers	-	-	-	14.189.594	**14.189.594**
Spare parts transfer	-	-	879.654	(879.654)	-
Disposals	-	-	(2.050.146)	(61.643)	**(2.111.789)**
Balance on 31.12.2015	**34.053.030**	**5.415.577.163**	**1.828.655.712**	**1.110.285.501**	**8.388.571.407**
Amortization and depreciationadjustments					
Balance on January 1, 2014 (audited)	**155.515**	**-**	**473.756.995**	**164.524.102**	**638.436.612**
Effect of the correction of accounting errors	-	-	-	**585.583**	**585.583**
Balance on January 1, 2014 (restated)	**155.515**	-	**473.756.995**	**165.109.685**	**639.022.195**
Amortization cost	77.757	334.518.634	97.784.533	-	**432.380.924**
Accumulated amortization of disposals	-	-	(3.287.889)	-	**(3.287.889)**
Adjustments for depreciation of non-current assets	-	-	18.714	(25.725.167)	**(25.706.453)**
Amortization adjustment	-	-	-	-	-
Balance on December 31, 2014	**233.272**	**334.518.634**	**568.272.353**	**139.384.518**	**1.042.408.777**
Balance on January 1, 2015	**233.272**	**334.518.634**	**568.272.353**	**139.384.518**	**1.042.408.777**
Amortization cost	77.757	339.289.050	108.129.274	-	**447.496.081**
Revaluation of special buildings/land/constructions	2.490.087	29.408.719	(16.607.332)	-	**15.291.475**
Accumulated amortization of disposals	-	-	(1.838.455)	-	**(1.838.455)**
Adjustments for depreciation of non-current assets	-	-	(13.106)	8.149.618	**8.136.511**
Offsetting of accumulated amortization upon revaluation	-	(673.807.684)	(64.438.939)	-	**(738.246.623)**
Balance on 31.12.2015	**2.801.116**	**29.408.719**	**593.503.795**	**147.534.136**	**773.247.765**
Carrying amount					
Balance on January 1, 2014	**26.642.873**	**5.877.495.178**	**1.147.599.848**	**1.140.929.399**	**8.192.667.298**
Balance on December 31, 2014	**28.455.856**	**5.737.676.357**	**1.176.694.288**	**984.707.614**	**7.927.534.114**
Balance on December 31, 2015	**31.251.914**	**5.386.168.444**	**1.235.151.918**	**962.751.365**	**7.615.323.641**

Machinery, equipment and other assets mainly include the first load of heavy water used for Units 1 and 2, with a net carrying amounton December 31, 2015 amounting to 404,188,599 RON (December 31, 2014: 424,243,208 RON) and administrative buildings with a net carrying amount on December 31, 2015 amounting to 332,439,518 RON (December 31, 2014: 331,606,558 RON).

In accordance with the accounting policies in force applied by the Group, the land, buildings and constructions are stated at fair value. These assets were revalued on December 31, 2015 by an independent assessor, East Bridge SRL, member of the National Association of Certified Assessors in Romania (ANEVAR).

Revaluation results were accounted by using the net method and reflect a reduction in net carrying amount of assets (land, buildings and constructions) amounting to 11,518,821 RON.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined by using fair value at the end of the reporting period; thus, special constructions were reviewed prior to December 31, 2013, the administrative buildings on December 31, 2022 and the land on December 31, 2009.

On 31.12.2015 depreciation and amortization include 15,291,475 RON representing the expenses resulting from the reduction in net carrying amount of revalued assets and 8,136,511 RON provision for adjustments of depreciationof assets proposed for disposal after the annual inventory.

On December 31, 2015, the carrying value of Units 3 and 4 recognized in the the group "Non-current assets under construction" amounts to 273,960,000 RON (December 31, 2014: 273,960,000 RON). Before 1991 the nuclear Units 1, 2, 3, 4 and 5 were considered as a single project and therefore the construction costs incurred had not been allocated per unit. Subsequently, the Groupallocated the costs for the construction of Units 3 and 4 of the nuclear power plant and for Unit 5.

On December 31, 2015 and December 31, 2014 heavy water related to Units 3 and 4, financed from own sources, amounts to 158,470,146 representing approximately 75 tonnes. This asset is shown in the group "Non-current assets in progress". The total amount of heavy water required for Units 3 and 4 is about 1,100 tons.

On December 31, 2013 the Group recognized a depreciation adjustment of 100% of the Unit 5 since there were no plans to resume its construction. On December 31, 2015 the gross carrying amount for Unit 5 is 136,980,000 RON (December 31, 2014: 136,980,000 RON). In March 2014, the Group shareholders approved the change of destination and use of Unit 5 for other activities of the Company.

In 2012 Energonuclear SA has contracted an independent assessor, Ernst & Young, to carry out an indicative assessment of Units 3 and 4. Ernst & Young conducted the assessment of assets in accordance with the International Assessment Standards indicating a value of Units 3 and 4 in the range 380 - 539 million EURO (ie range 1,719 – 2,439 million RON considering the exchange rate RON/EUR 4.5245 on December 31, 2015).

The main investments made by the Group during 2015 for projects in progress related to Units 1 and 2 include:

- replacement of excitation system Generrex U1 amounting to 65,317,657 RON (2014: 7,091,987 RON);
- improvement of thermal performance of steam generators U1-Magnetitaamounting to 6,890,479 RON (2014: 0 RON);
- construction of storage and loading facilities for the spent nuclear fuel amounting to 6,508,356 RON (2014: 26,115,253 RON);
- improvement of nuclear security systems amounting to 3,408,685 RON (2014: 12,170,196 RON);
- D2O detritiation installation amounting to 2,778,280 RON (2014: 16,842,183 RON).

The main investments made in 2015 refers to the modernization and expansion of physical protection system amounting to 51,566,745 RON and expansion of heating network amounting to 14,524,899 RON.

In December 2015, the Group purchased 5,991.72 kilograms of heavy water from the Autonomous Authority for Nuclear Activities (RAAN) required for Units 1 and 2 amounting to 11,118,381 RON.

The Group has identified and transferred certain spare parts from inventories toproperty, plant and equipment) (such spare parts comply with the definition of non-currentproperty, plant and equipment) in accordance with IAS 16. The value of spare parts transferred in 2015 amounts to 14.189.594 RON.

On December 31, 2015, the carrying value of Units 3 and 4 recognized in the the group "Non-current assets in progress" amounts to 652.998.148 RON (December 31, 2014: 653.360.812 RON), including the investments made in Energonuclear (see Note 19). On December 31, 2015, the remaining difference up to 962.751.365 RON (December 31, 2014: 984.707.614 RON) represents non-current assets in progress related to Units 1 and 2, such as replacement of excitation system Generrex U1 amounting to 72,409,644 RON, D2O detritiation installation amounting to 63,229,346 RON (December 31, 2014: 60,452,066 RON), construction of storage and loading facilities for the spent nuclear fuel (DICA) amounting to 20,312,611 RON (December 31, 2014: 20,762,036 RON), improvement of nuclear security systems amounting to 19,297,486 RON (December 31, 2014: 15,888,801 RON) and prepayments made to property, plant and equipment suppliers amounting RON 16.608.581 (31 December 2014: RON 19.660.501).

On December 31, 2015, the Group purchased non-current assets on credit from suppliers amounting to 14,625,875 RON (December 31, 2014: 50,493,323 RON).

Decommissioning of nuclear units

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Group 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 Group for the remaining useful life of theseunits 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 (Refer to Note 17). The contribution paid by the Group to ANDR in 2015 amounts to 95,467,009RON (2014: 95,560,384RON).

Assets pledged as security

As at September 30, 2015, and December 31, 2014 the Group has no pledged or mortgaged assets.

(All amounts are presented in RON, unless otherwise indicated.)

6. INTANGIBLE ASSETS

	Licenses and software	Power plant software	Intangible assets in progress	TOTAL
Cost				
Balance on January 1, 2014	**56.170.606**	**85.766.332**	**68.036.664**	**209.973.601**
Additions	2.199.056	55.428.802	11.957.696	**69.585.554**
Transfers	-	-	-	**-**
Disposals	(500.628)	(9.645)	(53.666.195)	**(54.176.468)**
Balance on December 31, 2014	**57.869.034**	**141.185.489**	**26.328.165**	**225.382.687**
Balance on January 1, 2015	**57.869.034**	**141.185.489**	**26.328.165**	**225.382.688**
Additions	2.320.594	2.906.629	3.038.424	**8.265.646**
Transfers	50.000	26.318.311	(26.368.311)	**-**
Disposals	(30.874)	(31.505)	-	**(62.379)**
Balance on December 31, 2015	**60.208.753**	**170.378.925**	**2.998.277**	**233.585.955**
Accumulated amortization				
Balance on January 1, 2014	**48.484.094**	**63.628.381**	**-**	**112.112.474**
Amortization costs	6.821.876	12.376.771	**-**	**19.198.647**
Amortization related to disposals	(498.070)	(9.645)	**-**	**(507.715)**
Balance on December 31, 2014	**54.807.900**	**75.995.507**	**-**	**130.803.406**
Balance on January 1, 2015	**54.807.900**	**75.995.507**	**-**	**130.803.406**
Amortization costs	4.756.730	18.081.359	-	**22.838.089**
Amortization related to disposals	(30.874)	(31.067)	-	**(61.941)**
Balance on December 31, 2015	**59.533.756**	**94.045.799**	**-**	**153.579.555**
Carrying amount				
Balance on January 1, 2014	**7.686.512**	**22.137.951**	**68.036.664**	**97.861.127**
Balance on December 31, 2014	**3.061.134**	**65.189.982**	**26.328.165**	**94.579.281**
Balance on December 31, 2015	**674.997**	**76.333.126**	**2.998.277**	**80.006.400**

According to OMFP1286/2012 as amended by Order 150/2015, starting with the financial statements for the financial year 2015, the balance of the account "Intangible assets in progress" in the amount of 26,368,312 RON is transferred to the account "Other Intangible Assets". Thus, intangible assets representing mainly the software for integrated management systems amounting to 26,262,901 RON on December 31, 2015 (December 31, 2014: 26,262,901 RON) were included in the category Software for the nuclear power plant.

(All amounts are presented in RON, unless otherwise indicated.)

7. INVENTORIES

As at December 31, 2015 and December 31, 2014 the inventories of the Groupare as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited, retratat)
Spare parts	140.662.839	153.606.586
Consumables and other materials	46.920.353	42.629.924
Nuclear fuel	98.500.893	86.684.880
Uranium	28.328.866	36.379.148
Other inventories	8.809.406	8.780.895
Total	**323.222.357**	**328.081.432**

The Company has implemented detailed procedures that took into account the possible loss of value determination for inventories, especially those with slow motion and inflated by application of IAS 29, inflated up to December 31, 2003. The results indicate depreciations amounting to 69,709,461 RON, of which 69,582,943 RON relating to periods prior to last year, which were treated as accounting errors.

Thus, the comparative information for the previous financial year ended on December 31, 2014 have been restated accordingly in the individual financial statements presented as follows:

- A decrease of the inventories entry amounting to 69,582,943 RON
- A decrease of the retained earnings, net of deferred tax, amounting to 58,449,672 RON
- A decrease of the deferred tax amounting to 11,133,271 RON.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

As at December 31, 2015and December 31, 2014the trade receivables and other receivables of the Group are as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited)
Trade receivables	139.114.866	176.034.614
Trade receivables allowance	(12.848.554)	(14.132.449)
Other receivables	16.114.234	33.674.604
Other receivables allowance	(3.660.872)	(3.254.200)
Taxes and duties	24.859.741	47.994.857
Total	**163.579.415**	**240.317.426**

On December31, 2015, the main trade receivables in balace are from: GEN-I d.o.o. – 20.933.593 RON (December 31, 2014: 0 RON), Enel Energie Muntenia SA – 14.796.226 RON (December 31, 2014: 35.297.640 RON), Enel Energie SA – 9.198.295 RON (December 31, 2014: 26.110.384 RON), Electrica Furnizare SA – 7.710.109 RON (December 31, 2014: 35.612.769 RON).

The sales made during 2015 to GEN-I d.o.o represented approximately 22% (2014: 0%) of total revenues of the Group, while the sales to Electrica Furnizare represented approximately 20% (2014: 22%) and to Enel Energie Muntenia S.A. 10% (2014: 13%).

Hidroelectrica SA paid up to the date of these individual financial statements all due installments according to the rescheduling convention; therefore, the Group cashed-in in 2015 a receivable in amount of 17.523.388 RON from December 31, 2014.

The Group's exposure to credit and market risks as well as the value adjustments related to trade receivables are presented in Note 22.

(All amounts are presented in RON, unless otherwise indicated.)

On December 31, 2015 the entry "Trade receivables" includes an amount of 28,820,686 RON related to the receivables from affiliated parties (December 31, 2014: 36,359,683 RON). On December 31, 2015 "Other receivables" includes an amount of 205,900 RON related to the receivables from affiliated parties (December 31, 2014: 17,790,067 RON).

9. CASH, CASH EQUIVALENTS AND BANK DEPOSITS

As at December 31, 2015 and December 31, 2014 the cash and cash equivalents are as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited)
Cash at bank in RON	257.891.064	1.155.130.855
Cash at bank in foreign currency	2.052.032	3.728.829
Total cash and cash equivalents	**259.943.096**	**1.158.859.684**

As at December 31, 2015 the entry "Bank Deposits" includes an amount of 20,092,045 RON related to the letters of guarantee issued by different banks in favor of the Company for which a guarantee in cash was established (December 31, 2014: 31,442,715 RON), with maturity up to one year. The current accounts include bank deposits with an initial maturity of under 3 years.

10. EQUITY

Share capital

The Company was formed by separation from the former RENEL. The share capital represents the State'scontribution to theCompany's constitution on June 30, 1998 (restated for inflation up to December 31, 2003) plus subsequent contributions.

As at September 30, 2015 and December 31, 2014, the share capital includes the effect of the restatements in the previousyears according to the application of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The reconciliation of the share capital is as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited)
Subscribed statutory share capital (nominal value)	3.015.138.510	2.817.827.560
Differences related to the restatement according to IAS 29	195.502.743	195.502.743
Share capital (restated value)	**3.210.641.253**	**3.013.330.303**

Based on the Decision no. 8/06.10.2014 issued by the General Extraordinary Meeting of Shareholders, the increase of the Company's share capital with a cash input by issuing new, nominal, dematerialized shares, for a price of 10 RON/share, equal to the nominal value (excluding the share premium) was approved. The shares sale was developed during 05.01.2015 - 04.02.2015, according to the Prospectus approved by the Group's Board of Directors by decision no. 174/02.12.2014 and by the Financial Supervision Authority by the decision no. 2246/23.12.2014.

On 06.02.2015, the Company's Board of Directors stated and approved the subscription of a number of 19.438.285 shares in amount of 194.382.850 RON, of which 19.437.670 shares with a nominal value of 194.376.700 RON, registered by the majority shareholder – Ministry of Energy, and 615 shares with a nominal value of 6.150 RON subscribed according to the pre-emption right by the other shareholders of the Company, which was a shareholder on the Registration Date (22.10.2014), in order to maintain the participation rates in the share capital. The value of the share capital resulted following this operation is 3.012.210.410 RON, fully subscribed and paid up.

(All amounts are presented in RON, unless otherwise indicated.)

The decision of the Extraordinary General Meeting of Shareholders no. 2/29.04.2015 and the decision of the Board of Directors of the Company no. 102/08.11.2015, approved the capital increase by contributions in kind and cash totaling maximum 3,550,110 RON, by issuing a maximum of 355,011 new shares – nominative and dematerialized - at a price of 10 lei/share equal to the nominal value (excluding the share premium) of which:

- 292,810 new shares amounting to 2,928,100 RON, representing the Romanian state contribution in kind, due to obtaining the certificate of ownership right issued by the Ministry of Economy on the land with undivided share in area of 239,05 sqm located in Bd. Gheorghe Magheru, nr. 33, Bucharest and registration certificate of ownership issued by the Ministry of Economy for the land "Security staff building and access road" in the town of Saligny, Constanța County.
- Maximum 62,201 new shares, amounting to 622,010 RON will be offered accprding to the emption right to other shareholders or persons being shareholder on the Registration Date (28/08/2015), in order to maintain the shares held in the Groupon the Registration Date.

Following the approval of the Prospectus by the Board of Directors of the Group by decision no. 117/14.09.2015 and the FSA decision no. 2662/10.15.2015, in the period 10.19.2015 - 18.11.2015 the offer corresponding to the share capital increase was carried out. Given the above, and since no shares were subscribed for in exercise of the right of preference, in its meeting of 11.23.2015, the Board of Directors approved the share capital increase by contribution of the Romanian state, namely the amount of 2,928,100 RON, representing a total of 292,810 shares.

As at December 31, 2015, the value of the statutory subscribed and paid-off share capiatal amounts to 3.015.138.510 RON (2.817.827.560 RON as at December 31, 2014), consisting of 301.513.851 ordinary shares having the nominal value of 10 RON.

The holders of ordinary shares are entitled to receive dividends, as they are reported from time to time, and one vote per share at the General Meetings of Shareholders.

As at December 31, 2015 and December 31, 2014 the shareholding structure is the following one:

	December 31, 2015		December 31, 2014	
Shareholders	**Number of shares**	**% of the share capital**	**Number of shares**	**% of the share capital**
Romanian Etate	248.736.619	82,4959%	229.006.139	81,2705%
Fondul Proprietatea SA	27.408.381	9,0903%	27.408.381	9,7270%
Other investors	25.368.851	8,4138%	25.368.236	9,0025%
TOTAL	**301.513.851**	**100%**	**281.782.756**	**100%**

Share premium

In November 2013, the Company issued 28,100,395 shares on the Bucharest Stock Exchange through an initial public offering and the exercise of preemptive right by the shareholder Fondul Proprietatea S.A. The amount collected – amounting to 312,478,099 RON - was made up of the share capital increase of 281,003,950 RON and an issue/share premium of 31,474,149 RON.

(All amounts are presented in RON, unless otherwise indicated.)

Prepaid reserve

The prepaid reserves amount to 21,553,537 RON as at December 31, 2015 (December 31, 2014: 217,820,977 RON) and represent objectives of public utility of Cernavodă NPP (5,439,321 RON as at December 31, 2015 and December 31, 2014), budgetary allocations for the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavodă (16,114,216 RON as at December 31, 2015 and December 31, 2014).

On December 31, 2015, the contribution of the Romanian state in amount of 194,376,700 RON, representing the budget allowances corresponding to the period 2006-2009 for the building of Unit 2 and for completing the works on Units 3-5 at Cernavodă NPP and the amount of 2,928,100 RON, representing the value of the land located in Bd. Magheru and of the "Guard Building and Access Road" in city of Saligny, County of Constanța, was transferred in the share capital from the positions Prepaid Reserve.

On December 31, 2015, the number of new shares that can be issued for the reserves paid in advance is zero (December 31, 2014: 19.626.744 RON).

Revaluation reserves

As at December 31, 2015 the revaluation reserve amounts to 1.773.743.734 RON (December 31, 2014: 1.770.574.705 RON).

The Company recognized an increase of the revaluation reserve amounting to 3.772.653 RON after the revaluation carried out on December 31, 2015 (Refer to Note 4) from which the deferred tax debt amounting to 603,625 RON was deducted.

Retained earnings

The retained earnings represent the accumulated earnings of the Group. The retained earnings are distributed based on the financial statements prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 with subsequent amendments, applicable to companies whose securities are admitted to trading on a regulated market.

In 2015 the Group distributed dividends amounting to 90,366,312 RON (December 31, 2014: 340,957,135 RON).The gross dividends unpaid as at December 31, 2015 amounts to 281,269 RON (December 31, 2014: 457,076 RON).

11. BORROWINGS

Reimbursements of borrwings during the fiscal year ended on December 31, 2015 were as follows:

	Currency	Interest rate	Value	Due date
Balance as at January 1, 2015 (audited)			**1.751.972.263**	
New issues				
Reimbursements, out of which:			**(210.715.163)**	
Societe Generale - ALSTOM BC	EUR	EURIBOR+0,450%	(4.736.261)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR+0,450%	(34.158.672)	2022
Societe Generale - AECL BC	CAD	CDOR+0,375%	(69.911.355)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR+0,450%	(5.949.608)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0,070%	(11.347.267)	2017
EURATOM	EUR	EURIBOR+0,08%	(84.612.000)	2024
Exchange rate differences			**(15.426.474)**	
Balance as at December 31, 2015 (audited)			**1.525.830.626**	

(All amounts are presented in RON, unless otherwise indicated.)

(i) Long-term borrowings

As at December 31, 2015 and December 31, 2014 the long-term borrowings are as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited)
Societe Generale - ALSTOM BC (a)	7.235.117	11.945.526
Societe Generale - ANSALDO BC (b)	226.116.915	258.459.148
Societe Generale - AECL BC (c)	424.118.469	521.786.542
Societe Generale - NEXANS BC (d)	9.088.628	15.005.761
Societe Generale - GENERAL ELECTRIC (e)	24.501.247	32.667.936
EURATOM (f)	834.770.250	912.107.350
Total long-term borrwings	**1.525.830.626**	**1.751.972.263**
Less: Current amount of long-term borrwings	**(209.134.834)**	**(210.862.486)**
Less: Balance of transaction costs (long term)	**(37.089.738)**	**(44.918.135)**
Total long-term borrowings net of the current amounts	**1.279.606.054**	**1.496.191.642**

The long-term loans are detailed as follows:

a) The loan granted by Societe Generale – ALSTOM

The loan was granted by Societe Generale to the Group in 2002. The initial value of the loan was EUR 10.7 million. The amount due on December 31, 2015 was EUR 1.60 million (December 31, 2014: EUR 2.67 million). The reimburesment is divided in 20 installments over a period of 11 years, payable between December 2007 and June 2017. The loan is subject to a variable EURIBOR interest rate every six months plus a 0.45% margin. The loan is guaranteed by the Romanian state through the Ministry of Public Finance.

b) *The loan granted by Societe Generale – ANSALDO*

The loan was granted by Societe Generale to the Group in 2002. The initial value of the loan was EUR 115.3 million. The amount due on December 31, 2015 was EUR 49.98 million (December 31, 2014: EUR 57.66 million). The reimburesment is divided in 30 installments over a period of 16 years, payable between December 2007 and June 2022. The loan is subject to a variable EURIBOR interest rate every six months plus a 0.45% margin for the first 15 years and EURIBOR interest rate every six months plus a 0.7% margin for the remaining period. The loan is guaranteed by the Romanian state through the Ministry of Public Finance.

c) The loan granted by Societe Generale – AECL

The loan was granted by Societe Generale to the Group in 2002. The initial value of the loan was CAD 327.8 million. The amount due on December 31, 2015 was CAD 142.05 million (December 31, 2014: EUR 163.9 million). The reimburesment is divided in 30 installments over a period of 16 years, payable between December 2007 and June 2022. The loan is subject to a variable CDOR interest rate every six months plus a 0.375% margin. The loan is guaranteed by the Romanian state through the Ministry of Public Finance.

d) The loan granted by Societe Generale – NEXANS

The loan was granted by Societe Generale to the Group in 2002. The initial value of the loan was EUR 13.4 million. The amount due on December 31, 2015 was EUR 2.01 million (December 31, 2014: EUR 3.35 million). The reimburesment is divided in 20 installments over a period of 11 years, payable between December 2007 and June 2017. The loan is subject to a variable EURIBOR interest rate every six months plus a 0.45% margin. The loan is guaranteed by the Romanian state through the Ministry of Public Finance.

e) The loan granted by Societe Generale – GENERAL ELECTRIC

The loan was granted by Societe Generale to the Group in 2003. The initial value of the loan was EUR 29.5 million. The amount due on December 31, 2015 was USD 5.9 million (December 31, 2014: USD 8.9 million). The reimburesment is divided in 20 installments over a period of 10 years, payable between January 2008 and July 2017. The loan is subject to a variable LIBOR interest rate every six months plus a 0.07% margin. The loan is guaranteed by the Romanian state through the Ministry of Public Finance.

f) The loan granted by EURATOM

The loan was granted by EURATOMto the Group in 2004. The initial value of the loan was EUR 223.5 million. The amount due on December 31, 2015 is EUR 184.5 million (December 31, 2014: EUR 203.5 million), corresponding to the following installments: (i) Fista installment with a balance of EUR 70 million (December 31, 2014: 80 million); (ii) Second installment with a balance of EUR 81 million (31 December 2014: EUR 90 million) and (iii) Third installment with a balance of EUR 33.5 million (December 31, 2014: EUR 33.5 million). Repayment of first installment will be made in 20 installments payable during 2013-2022, repayment of second installment will be made in 20 installments payable during 2015-2024 and the repayment of third installment will be made in 16 installments payable during 2017-2024. The loan is subject to a variable EURIBOR interest rate every six months plus a 0.08% margin for the first two installments and a 0.079% for the third installment. The loan is guaranteed by the Romanian state through the Ministry of Public Finance.

The loan agreement includes certain financial clauses: (i) the coverage index for the debt service should be at least 1.5; (ii) indebtedness must not exceed the value 2; (iii) the Group's income should be sufficient to cover the operating and maintenance cost for Units 1 and 2, as well as the interests payments in relation to Units 1 and 2.

Financial indicators must be calculated based on the financial statements prepared in accordance with he International Financial Reporting Standards.

As at December 31, 2015 and December 31, 2014 the financial indicators required by EURATOM are met.

All loans have been contracted to finance the construction of Unit 2.

The Company has not entered into any hedging arrangements against risks in respect of 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, does not differ significantly from the values mentioned above.

(All amounts are presented in RON, unless otherwise indicated.)

Guarantees

Loans with foreign banks contracted from Societe Generale ("SG") and EURATOM are guaranteed by the Romanian state through the Ministry of Public Finance. Besides, loans by SG are guaranteed by foreign insurers (COFACE, SACE, EDC and Eximbank - New York) and promissory notes are issued by the Group in favor of the creditor.

(ii) Short-term borrowings

As at December 31, 2015 and December 31, 2014 the short-term borrowings are as follows:

	December 31,2015 (audited)	December 31, 2014 (audited)
Current portion of long-term borrowings	209.134.834	210.862.486
Accrued interests related to the long-term borrowings	741.866	1.646.170
Short-term transaction costs	(7.828.396)	(7.828.396)
Total short-term borrowings	**202.048.304**	**204.680.260**

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at December 31, 2015 and December 31, 2014, trade and other liabilities are as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited)
Property, plant and equipment suppliers	14.625.875	50.498.323
Trade payables	118.300.922	137.861.625
Payables to employees	14.543.396	13.383.266
Payables to the State	22.847.892	22.829.373
Dividends	281.269	457.076
Other payables	26.829.218	19.606.622
Total	**197.428.572**	**244.636.285**

As at December 31, 2015, the main suppliers in balance are: General Electric Wilmington - Rom. Branch – 31.952.511 RON (December 31, 2014: 16.285.814 RON), Apele Romane București – 12.255.673 RON (December 31, 2014: 6.332.098 RON), Mate-Fin SRL – 8.267.542 RON (December 31, 2014: 4.744.268 RON).

As at December 31, 2015 the position "Property, plant and equipment suppliers" includes an amount of 26,406,001 RON related to the debts to related parties (December 31, 2014: 3,619,192 RON). As at December 31, 2015 the position "Suppliers" includes an amount of 35,955 RON representing liabilities to relatedparties (December 31, 2014: 50,256,134 RON).

13. INCOME TAX

The income tax recognised in the profit and loss account:

	2015 (audited)	2014 (audited)
Current tax expense	42.664.305	31.977.296
Deferred tax release	(13.479.609)	(10.686.446)
Total	**29.184.696**	**21.290.850**

(All amounts are presented in RON, unless otherwise indicated.)

Receivables and liabilities related to the deferred taxes are assessed on December 31,2015 and December 31,2014 at the 16% effective tax rate, representing the tax rate currently implemented.

Reconciliation of effective tax rate:

	2015 (audited)	**2014 (audited)**
Profit before the income tax	**176.583.196**	**152.705.666**
Income tax at the statutory rate of 16%	28.253.311	24.432.907
The effect of non-deductible expenses	9.673.891	5.617.879
Taxed revaluation reserves	9.018.873	8.915.537
Effect of tax extempt income	(4.009.449)	(6.806.545)
Deferred tax release	(13.479.609)	(10.686.446)
Reinvested profit	(196.872)	(86.913)
Effects of other differences	(75.449)	(95.569)
Income tax expense	**29.184.696**	**21.290.850**

The deferred tax consists of:

December 31, 2015 (audited)	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	-	177.444.078	177.444.078
Intangible assets	-	1.456.665	1.456.665
Inventories	-	219.097	219.097
Employee benefits	(4.801.704)	-	(4.801.703)
Employee participation in profits	(574.240)	-	(574.240)
Administrators remuneration	(215.111)	-	(215.111)
Vacations not spent	(32.768)	-	(32.768)
Net tax (assets)/liabilities	**(5.623.823)**	**179.119.840**	**173.496.018**

December 31, 2014 (audited, restated)	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	-	191.049.012	191.049.012
Intangible assets	-	146.666	146.666
Inventories	-	548.903	548.903
Employee benefits	(4.805.478)	-	(4.805.478)
Employee participation in profits	(418.944)	-	(418.944)
Administrators remuneration	(148.156)	-	(148.156)
Net tax (assets)/liabilities	**(5.372.578)**	**191.744.581**	**186.372.003**

(All amounts are presented in RON, unless otherwise indicated.)

The movement table regarding the deferred taxes debt in 2014 and 2015 is as follows:

	Balance on January 1, 2014 (audited)	Deferred tax recognised in profit and loss	Deferred tax recognized directly in AERG	Deferred tax related to accounting errors correction	Balance on December 31, 2014 (audited, restated)	Deferred tax recognised in profit and loss	Deferred tax recognized directly in AERG	Balance on December 31, 2015 (audited)
Property, plant and equipment	200.581.397	(9.438.692)	-	(93.693)	191.049.012	(14.208.558)	603.624	177.444.078
Intangible assets	-	146.666	-	-	146.666	1.309.999	-	1.456.665
Inventories	11.897.221	(215.047)	-	(11.133.271)	548.903	(329.806)	-	219.097
Employee benefits	(4.193.205)	(612.273)	-	-	(4.805.478)	3.775	-	(4.801.703)
Employee participation in profits	-	(418.944)	-	-	(418.944)	(155.296)	-	(574.240)
Administrators remuneration	-	(148.156)	-	-	(148.156)	(66.955)	-	(215.111)
Deferred tax related to holidays not spent				-	-	(32.768)	-	(32.768)
Net tax (assets)/liabilities	**208.285.413**	**(10.686.446)**	-	**(11.226.964)**	**186.372.003**	**(13.479.609)**	**603.624**	**173.496.018**

14. EMPLOYEE BENEFITS

	December 31, 2015 (audited)	December 31, 2014 (audited)
Retirement bonuses	20.712.522	21.484.518
Jubilee bonuses	9.153.077	9.497.225
Death in service benefits	1.930.422	2.285.377
Total	**31.796.021**	**33.267.120**

On December 31, 2015 the Company has the obligation to pay retirement benefits varying between 2 and 3 gross basic wages depending on the number of years of seniority in the energy sector on the retirement date (defined benefit plan) and anniversary bonuses according to the number of years of seniority in the energy sector (other long-term employee benefits).

As at December 31, 2015 and December 31, 2014 in the amount of liabilities related to the employee benefits the Group's liability to pay benefits in case of death of employee was included, since the calculation principles under IAS 19 involves the reduction of Group's obligations to pay retirement benefits due to mortality of employees, and recognition of this obligation.

The following assumptions were taken into account for the application of IAS 19 "Employee Benefits" on December 31, 2015 and December 31, 2014.

Assessment date	December 31, 2015	December 31, 2014
Number of employees	2.060	2.088
Rate of wage increase	0,5% for 2016, 2,7% for 2017, 2,5% for 2018, then it increases to the inflation rate of 2,5% in 2019-2030 and following a downward trend in the coming years.	2,2% for 2015, 2,7% for 2016, 2,5% for 2017 then it increases to the inflation rate of 3% p.a.
Real average productivity	2,2%	2,2%
Mortality tables	Mortality rates in Romania2013	Mortality rates in Romania 2009-2010
Gross average wage	5.601	5.405

(All amounts are presented in RON, unless otherwise indicated.)

The above assumptions have been considered taking into account:

- The real average eficiency is calculated based on the estimation of the inflation rate and government bonds eficiency onthe active market as at December 31, 2015 and for the residual term to maturity: 1-9 years and 11 years.
- Mortality rate used is the one communicated by the National Institute of Statistics.

15. ELECTRICITY SALES

(i) Revenues from electricity sales

	2015 (audited)	2014 (audited)
Sales of electricity on regulated market	357.308.080	561.837.115
Sales of electricity on free market	1.314.010.852	1.121.194.651
Sales of thermal energy	2.096.158	2.048.812
Revenues from green certificates	6.500	269.806
Total	**1.673.421.590**	**1.685.350.384**

(ii) The amount of energy sold

	2015 (audited)	2014 (audited)
Amount of electricity sold on regulated market (MWh)	2.252.443	3.742.440
Amount of electricity sold on free market (MWh)	8.528.174	7.101.342
Total	**10.780.618**	**10.843.782**

The Company is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with the transport and system operator Transelectrica SA. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting 43.532 MWh for the fiscal year ended on December 31, 2015 (32.022 Mwh for the fiscal year ended on December 31, 2014).

The Company is developing the activity of producing thermal energy by exploiting the energetic capacities corresponding to the units for producing electrical and thermal energy consisting in two heat switches with a full thermal power of 40 Gcal/h and 46,51 MW. The Group delivers thermal energy to the local thermal energy distribution Group SC Utilitati Publice SA Cernavoda, as well as to other final consumers in the locality Cernavoda – business entities, social-cultural institutions. The sales of thermal energy in 2015 amount to 2.096.159 RON (December 31, 2014: 2.048.812 RON).

In accordance with the Electricity Law 123/2012, the energy field is regulated by the National Agency for Energy Field Regulation (“ANRE”), an autonomous public institution. ANRE establishes the prices to be used by the Group for selling electricity on the regulated market and also the quantities to be sold by the Group on the regulated market.

(All amounts are presented in RON, unless otherwise indicated.)

16. OTHER OPERATIONAL COSTS

	2015 (audited)	2014 (audited)
Third party services	100.902.751	95.492.504
Expenses with ANDR	95.169.393	95.560.384
Energy and water	77.735.435	76.068.338
Fuels, lubricants and other consumables	37.217.067	38.865.028
Insurance	11.587.367	11.716.328
Transport and telecommunication	6.441.091	7.480.607
Tax on special constructions	61.567.609	89.398.570
Other operating expenses	47.290.348	71.807.555
Total	**437.911.061**	**486.389.314**

Expenses with ANDR

Starting with 2007, following the Government Decision no. 1080/5 September 2007 regarding the safe management of the radioactive waste and the decommissioning of the nuclear installations, the Group is required to make twotypes of contributions to the ANDR:

- Contribution for the decommissioning of each nuclear unit amounting to 0.6 EUR/MWh of electricitygenerated and delievered in the system.
- Contribution for the permanent storage of radioactive waste of 1.4 EUR/MWh of electricity produced and generatedand delivered in the system.

According to this legislative act, the annual contribution for decommissioning is paid over the projected useful life ofboth nuclear units, and the direct annual contribution for permanent storage is paid over the operational period of thenuclear units and consequently, ANDR takes responsibility for managing the entire decommissioning process atthe end of the useful life of the nuclear plants and the storage of resulting waste.

Starting with 2014, companies must declare and pay the tax on special constructions. This amounts to 1% (1.5% in 2014) from the value of the constructions in balance at 31 December of the preceding year. Nuclear power plants are included in the category of special constructions. The tax on special constructions due by the Group for the financial year ended on 31 December 2015 amounts 61.567.609 RON (31 December 2014: 89.398.570 RON). According to IFRIC 21 (Refer to Note 3), the Group fully acknowledged this debt and cost corresponding to the first quarter of 2015 and respectively 2014.

“Other operational expenses” include the expenses related to disposal of the assets amounting to 1.862.621 RON (December 31, 2014: 25.785.183 RON), as well as various taxes and expenses related to provisions.

17. FINANCE INCOME AND FINANCE COSTS

	2015 (audited)	2014 (audited)
Interest income	20.285.378	29.667.275
Foreign exchange gains	148.120.109	67.128.542
Total financial income	**168.405.487**	**96.795.817**
Foreign exchange losses	(130.369.246)	(92.966.653)
Interest expense	(20.553.327)	(24.926.715)
Total financial expenses	**(150.922.573)**	**(117.893.368)**
Net financial (expenses)/incomes	**17.482.914**	**(21.097.551)**

(All amounts are presented in RON, unless otherwise indicated.)

18. OTHER INCOMES

	2015 (audited)	2014 (audited)
Income from investment subsidies	14.383.051	14.381.193
Income from compensations, fines and penalties	2.777.414	1.579.812
Other incomes	17.179.555	3.679.153
Total	**34.340.020**	**19.640.158**

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

19. GROUP ENTITIES

As at December 31, 2015 andDecember 31, 2014, the Group owns 100% of the share capital of Energonuclear S.A. The value of the equity stake on June 30, 2015 and December 31, 2014 amounts to 141,666,101 RON.

Continuity of Energonuclear S.A.activity

On December 31, 2015 there are uncertainties regarding the capacity of Energonuclear SA to continue its activity. The future operations of Energonuclear in relation to units 3 and 4 depend on successfully finishing the selection process of an investor according to the Strategy for the continuation of Cernavodă NPP Units 3 and 4 Project approved on July 31, 2014 by the Romanian Government and on August 22, 2014 by the Extraordinary general Meeting of Compay's Shareholders.

The strategy provides the creation of a mixed Group, according to Article 50 of Law 137/2002, constituted by SNN, on the one hand, and a private selected investor, namely a Project Group ("Joint Venture" or "JV"), on the other hand, to which the value invested by SNN in the subsidiary EnergoNuclear to be transferred. JV represents the precursory Groupto the IPP type Group(independent energy producer - IPP), founded with a 2-year duration which can be modified by mutual consent of the parties, in order to reverify under the present conditions the project feasibility, assess the assets and make the final investment decision for passing to the implementation phase of the Project, namely the IPP stage.

Besides, the strategy approved in order to continue the Project considers the valuing of the existent assets, with a considerable value, within the public patrimony – hard water and uranium octoxide - and respectively in the patrimony of the Group – land, buildings, equipment etc – and that of Energonuclear, according to the law. The hard water inventory and the first nuclear fuel load will be provided from Romania by the Romanian state and SNN, according to Strategy.

Following the procedure for selecting the investors, on September 9, 2014, the Company China General Nuclear Power Corporation ("CGN") was appointed as Selected Investor for the development of the Project for Units 3 and 4 Cernavodă NPP. On October 17, 2014, the Joint Letter regarding the Intention to develop the Project was signed. Subsequently, the Romanian party sent to CGN an Understanding Memorandum Project („MoU") – document targeted to define and agree upon the negotiation principles of the Investment Agreement. In relation to the MoU project, CGN sent changing proposals. In December 2014, a large process of reference with the Romanian authorities/institutions was initiated with the purpose of establishing a joint point of view in regards to the issues raised by CGN. In March 2015 the position of the Romanian party as it is defined in the Strategy for CGN was presented; subsequently to this date, the negotiations regarding the MoU were completed.

On July 27, 2015, the meeting of the Inter-ministries Board for the Project of Units 3 and 4 CNE Cernavodă took place. The MoU, including its schedules, in the form proposed by the Negotiation Board was approved and on September 2, 2015 it was approved by the Romanian Government.

The MoU on the development, construction, operation and decommissioning of units 3 and 4 of Cernavodă NPP was approved by the Extraordinary General Meeting of Shareholders on October 22, 2015.

On November 9, 2015 the MoU was signed by the senior management of the parties involved in the project: SN Nuclearelectrica SA and China General Nuclear Power Corporation.

SNN and CGN are currently negotiating the Agreement for Investments and the Incorporation Articles of the new project Group, process that represents the last phase of the selection procedure for investors, according to the Government Strategy to continue the Project Units 3 and 4 of Cernavodă NPP.

In the context of the new European policy on energy and environment for the time horizon of 2030, nuclear energy is a viable solution for achieving ambitious targets in order to reduce emissions of greenhouse gases, while ensuring energy security and a bearable price for the end-users, and increasing the independence of the country in terms of energy. In this context, the completion of the Project Units 3 and 4 at Cernavodă NPP is a priority of the energy sector development, provided by the Romanian Energy Strategy 2007-2020 approved by Government Decision no. 1069/2007.

The Romanian Government support for the project Units 3 and 4 is corroborated with measures at different stages of analysis designed to stimulate the interest in investment for projects in energy capacity based on technologies with low-carbon emissions:

- Promoting of the appropriate legal framework for securing electricity sales and increasing of predictability of return on investment in large projects for production of low-carbon capacities, in accordance with the European legislation.
- the possibility of the State guarantee as a necessary tool to secure financing for large energy infrastructure investments.

Considering the abovementioned issues, as well as the stage of the negotiations with the Selected Investor, the senior management of theGroup has highly hopes that the project developed by Energonuclear will be continued in the future and that there will be a request in the future for the electricity to be issued by Units 3 and 4. Therefore, the management of the Group considers the investment in Energonuclear S.A. will be rerurned, according to the Strategy.

20. TRANSACTIONS WITH RELATED PARTIES

i) Transactions with state-owned companies

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

The Group had significant transactions with other companies owned or controlled by the State including: sales of electricity (Electrica, OPCOM), purchase of electricity transmission services and balancing services (CN Transelectrica SA) and purchase of uranium (Compania Națională a Uraniului National Uranium Group).

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

(All amounts are presented in RON, unless otherwise indicated.)

	Sales		Receivables as at	
	2015 (audited)	**2014 (audited)**	**December 31, 2015 (audited)**	**December 31, 2014 (audited)**
Electrica Furnizare	304.283.367	394.684.989	19.681.915	36.964.225
OPCOM	161.839.026	149.773.797	317.104	289.536
Transelectrica	757.988	1.154.692	161.931	114.674
Hidroelectrica	-	-	-	17.649.031
Total	**466.880.381**	**545.613.478**	**20.160.950**	**55.017.466**

	Purchases		Payables as at	
	2015 (audited)	**2014 (audited)**	**December 31, 2015 (audited)**	**December 31, 2014 (audited)**
Transelectrica	95.676.434	134.433.827	5.561.700	34.787.974
ANDR	95.169.393	95.455.354	9.872.194	10.169.810
Compania Națională a Uraniului	94.971.731	111.164.742	2.258.854	901.692
Apele Romane București	59.399.400	58.268.779	12.255.673	6.332.098
Apele Romane Constanța	11.350.156	10.940.294	3.095.244	1.283.797
CNCAN	9.035.171	9.308.239	-	-
RATEN ICN	5.291.396	5.110.495	943.956	1.812.977
ICSI RM.VÂLCEA	3.043.097	16.127.402	536.531	6.172.544
OPCOM	7.036.380	4.931.004	103.976	199.299
Electrica Furnizare	137.631	139.674	10.378	5.343
Total	**381.110.813**	**445.879.810**	**34.638.506**	**61.665.534**

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

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

iii) Compensation to senior management of the Group

The management of the Group is made up of:

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

The members of the Board of Directors have concludedadministration (mandate) contracts with the Company, their remuneration beeing 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 GMS. Detailed information regarding the remuneration of directors and managers are included in the Annual Report of the Nomination and Remuneration Committee, established at the level of the Board of Directors of the Group.

	2015 (audited)	**2014 (audited)**
Remuneration of the management of the Company	6.593.004	5.975.808
	6.593.004	**5.975.808**

(All amounts are presented in RON, unless otherwise indicated.)

21. EARNINGS PER SHARE

As at December 31, 2015 and December 31, 2014 the earnings per share were as follows:

(i) Basic earnings per share

	2015 (audited)	2014 (audited)
Net profit for the fiscal year	**147.398.500**	**131.414.816**
Number of the ordinary shares at the beginning of the year	281.782.756	281.782.756
Number of ordinary shares issued during the year	19.731.095	-
Weighted-average number of ordinary shares on December 31	**296.385.871**	**281.782.756**
Basic earnings per share (RON/actiune)	**0,50**	**0,47**

(ii) Diluted earnings per share

	2015 (audited)	2014 (audited)
Net profit for the year	**147.398.500**	**131.414.816**
Number of the ordinary shares at the beginning of the year	281.782.756	281.782.756
Number of ordinary shares issued during the year	19.731.095	-
Weighted-average number of ordinary shares on December 31 (a)	296.385.871	281.782.756
Number of shares corresponding to the prepaid share reserve (b) (Refer toNote 11)	-	19.626.744
Weighted-average number of ordinary shares (diluted) on December 31, (a) + (b)	**296.385.871**	**301.409.500**
Diluted earnings per share (RON/share)	**0,50**	**0,44**

22. RISK MANAGEMENT

(i) *Financial risk factors*

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

The Group does not have formal arrangements to mitigate financial risks. Despite the fact that no formal arrangements are in place, the financial risks are strictly monitored by the senior management given the financial needs of the Group in order to manage efficiently the risks and opportunities. The financial department prepares daily forecasts of cash flows which help the management in making decisions.

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

a) Currency risk

The Group may be exposed to changes in the foreign exchange rate through cash and cash equivalents, prepayments, long-term loans or trade payables denominated in foreign currency.

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

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

	Carrying amount (*)	RON	EUR	USD	CAD	GBP
December 31, 2015						
Monetary assets						
Cash and cash equivalents	259.943.096	247.068.465	267.839	5.443.635	7.153.545	9.612
Prepayments	12.073.377	11.761.217	830	64.222	247.108	-
Property, plant and equipment (prepayments)	7.942.234	-	-	-	7.942.234	-
Gross exposure	**279.958.707**	**258.829.682**	**268.668**	**5.507.857**	**15.342.887**	**9.612**
Cash liabilities						
Trade payables and suppliers of non-current assets	(132.926.797)	(117.978.085)	(1.226.533)	(3.028.126)	(10.309.596)	(384.458)
Borrowings	(1.525.830.626)	-	(1.077.210.910)	(24.501.247)	(424.118.469)	-
Gross exposure	**(1.658.757.423)**	**(117.978.085)**	**(1.078.437.443)**	**(27.529.373)**	**(434.428.065)**	**(384.458)**
Net exposure in the statement of financial position (audited)	**(1.378.798.716)**	**140.851.599**	**(1.078.168.775)**	**(22.021.516)**	**(419.085.179)**	**(374.846)**

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

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

(All amounts are presented in RON, unless otherwise indicated.)

The following exchange rates have been used:

	Average rate		Reporting date spot rate	
	2015	**2014**	**December 31, 2015**	**December 31, 2014**
RON/ EUR	4,4450	4,4446	4,5245	4,4821
RON/ USD	4,0057	3,3492	4,1477	3,6868
RON/ CAD	3,1363	3,0315	2,9858	3,1836
RON/ GBP	6,1255	5,5136	6,1466	5,7430

Sensitivity analysis

A 10% strengthening of the national currency against these foreign currencies on December 31, 2015 and December 31, 2014 would have increased the gross profit by the amounts shown below. This analysis assumes that all other other variables remain constant.

	Profit 2015 (audited)	**Profit 2014 (audited)**
EUR	107.870.762	120.636.875
USD	3.303.723	5.316.293
CAD	44.977.095	53.504.679
GBP	39.407	78.396
Total	**156.190.987**	**179.536.243**

A 10% weakening of the national currency against the following foreign currencies on December 31, 2015 and December 31, 2014 would have had the equal but opposite effecton the amounts shown above, assuming that all other variables remained constant.

	Loss 2015 (audited)	**Loss 2014 (audited)**
EUR	(107.870.762)	(120.636.875)
USD	(3.303.723)	(5.316.293)
CAD	(44.977.095)	(53.504.679)
GBP	(39.407)	(78.396)
Total	**(156.190.987)**	**(179.536.243)**

b) Interest rate risk

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

On the reporting date, the interest rate profile of the Group’s interest-bearing financial instruments was as follows:

	Carrying amount (*)	
	December 31, 2015 (audited)	**December 31, 2014 (audited)**
Fixed rate instruments		
Financial assests	1.337.606.864	1.142.345.868
	1.337.606.864	**1.142.345.868**
Variable rate instruments		
Financial liabilities	(1.525.830.626)	(1.751.972.263)
	(1.525.830.626)	**(1.751.972.263)**

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

(All amounts are presented in RON, unless otherwise indicated.)

Sensitivity analysis of cash flows for variable interest rate instruments

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

	Profit and loss	
	100bp Increase	**100bp Decrease**
December 31, 2015		
Variable rate instruments	(15.258.306)	15.258.306
Cash flow sensitivity (net)	**(15.258.306)**	**15.258.306**
December 31, 2014		
Variable rate instruments	(17.519.723)	17.519.723
Cash flow sensitivity (net)	**(17.519.723)**	**17.519.723**

c) Credit risk

Credit risk is the risk of financial loss that the Group may incur if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from Group's trade receivables and financial investments.

Financial assets, which potentially subject the Group to credit risk are mainly trade receivables, cash and cash equivalents and bank deposits. Sale of electricity to customers is done both on the regulated and competitive market, based on the framework established by ANRE and in compliance with the OPCOM market rules. The carrying amount of accounts receivables, net or depreciation adjustment, represents the maximum amount exposed to credit risk.

On December 31, 2015 the Group is exposed to a concentrated credit risk, considering the fact that approximately 42% of the trade receivables are from GEN-I d.o.o. and Electrica SA (Refer to Note 8).

Cash and deposits are placed in different financial institutions (banks), in order to reduce the counterparty risk by limiting the exposure (which would be higher if cash and deposits were placed in a single financial institution). The main financial institutions where the financial assets are placed are shown below:

	December 31, 2015 (audited)	**December 31, 2014 (audited)**
Banca Transilvania SA	340.569.409	354.717.660
Banca Comerciala Romana SA	223.863.678	389.631.273
Alpha Bank SA	218.544.769	218.819.974
Garanti Bank SA	211.138.712	-
OTP	149.827.774	-
BRD Societe Generale	70.061.964	69.718.421
Eximbank	60.000.901	100.000.000
Other	89.777.416	57.415.070
Total cash and bank deposits	**1.363.784.624**	**1.190.302.399**

(All amounts are presented in RON, unless otherwise indicated.)

The maximum exposure to the credit risk on the reportung date was:

	Net value	
	December 31, 2015 (audited)	**December 31, 2014 (audited)**
Financial assets		
Trade receivables	126.266.312	161.902.165
Bank deposits	1.103.841.528	31.442.715
Cash and cash equivalents	259.943.096	1.158.859.684
Other receivables	37.313.103	78.415.261
	1.527.364.039	**1.430.619.825**

The ageing of trade receivables on the reporting date was:

	Gross value December 31, 2015 (audited)	**Impairment adjustment December 31, 2015 (audited)**	**Gross value December 31, 2014 (audited)**	**Impairment adjustment December 31, 2014 (audited)**
Not past due	125.835.797	-	131.255.548	-
Past due 1-30 days	370.601	(439)	30.505.234	-
Past due 31-90 days	5.041	(384)	12.966	-
Past due 91-180 days	16.828	(397)	6.702	-
Past due 181-270 days	39.324	(723)	55.819	-
Past due 271-365 days	1.450	(785)	7.071	-
Past due more than one year	12.845.825	(12.845.825)	14.191.274	(14.132.449)
Total	**139.114.866**	**(12.848.554)**	**176.034.614**	**(14.132.449)**

The ageing of other receivables, including recoverable VAT on the reporting date was:

	Gross value December 31, 2015 (audited)	**Impairment adjustment December 31, 2015 (audited)**	**Gross value December 31, 2014 (audited)**	**Impairment adjustment December 31, 2014 (audited)**
Not past due	35.807.848	-	76.792.017	-
Past due 1-30 days	1.298	-	-	
Past due 31-90 days	190.501	(111.751)	-	
Past due 91-180 days	243.029	(226.869)	226.669	-
Past due 181-270 days	42.954	(40.000)	97.759	-
Past due 271-365 days	-	-	6.781	-
Past due more than one year	4.688.345	(3.282.253)	4.546.235	(3.254.200)
Total	**40.973.975**	**(3.660.872)**	**81.669.461**	**(3.254.200)**

(All amounts are presented in RON, unless otherwise indicated.)

The evolution of adjustments for trade receivables impairment is as follows:

	December 31, 2015 (audited)	December 31, 2014 (audited)
Balance on the beginning of the year	(14.132.449)	(14.203.561)
Impairment adjustments recognized, net of resumptions	1.283.895	71.112
Balance on the end of the year	**(12.848.554)**	**(14.132.449)**

d) Liquidity risk

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

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

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

	Carrying amount	Contractual amount	<12 luni	1-2 ani	2-5 ani	> 5 ani
December 31, 2015 (audited)						
Financial liabilities						
Borrowings**(*)**	1.525.830.626	1.561.109.716	217.980.774	231.208.701	629.670.527	482.249.714
Trade Payables & Suppliers of PP&E	132.926.797	132.926.797	132.926.797	-	-	-
Other payables	64.501.775	64.501.775	64.501.775	-	-	-
	1.723.259.198	**1.758.538.288**	**415.409.346**	**231.208.701**	**629.670.527**	**482.249.714**

	Carrying amount	Contractual amount	<12 luni	1-2 ani	2-5 ani	> 5 ani
December 31, 2014 (audited)						
Financial liabilities						
Borrowings **(*)**	1.751.972.263	1.822.642.780	227.618.726	223.786.497	670.525.432	700.712.125
Trade Payables & Suppliers of PP&E	188.359.948	188.359.948	188.359.948	-	-	-
Other payables	56.276.337	56.276.336	56.276.336		-	-
	1.996.608.548	**2.067.279.064**	**472.255.010**	**223.786.497**	**670.525.432**	**700.712.125**

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

(All amounts are presented in RON, unless otherwise indicated.)

(ii) ***Capital management***

The Group policy is to maintain a strong capital base so as to maintain investors, creditors 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 maybe exchanged in usual transactions conducted under objective conditions between willing parties knowingly, other than those determined by the liquidation or forced sale. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate. As at December 31, 2015 and December 31, 2014, the management of the Group 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 amounts.

Given the business field in which the Group operates, corroborated with the specific nature of the financed investments and of the structure of the guarantees which include a government guarantee, as well as the variable interest rates, the Group's management estimates that the fair value of the loans is approximately equal to their carrying amount. The carrying amount of loans is the amortized cost. Based on these considerations, loans have been classified Level 2.

	Carrying amount	Fair value	Level
December 31, 2015 (audited)			
Financial assets			
Net trade receivables	126.266.312	126.266.312	2
Cash and cash equivalents	259.943.096	259.943.096	2
Bank deposits	1.103.841.528	1.103.841.528	2
Net other receivables	37.313.103	37.313.103	2
	1.527.364.039	**1.527.364.039**	

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

	Carrying amount	Fair value	Level
December 31, 2015 (audited)			
Long-term financial liabilities			
Long term financial borrowings	1.279.606.054	1.279.606.054	2
	1.279.606.054	**1.279.606.054**	

(All amounts are presented in RON, unless otherwise indicated.)

Short-term financial liabilities			
Suppliers, including suppliers of PP&E	132.926.797	132.926.797	
Borrowings, short term portions of long term borrowings	202.048.304	202.048.304	2
Employee benefits and other payables	64.501.775	64.501.775	
	399.476.876	**399.476.876**	

	Carrying amount	Fair value	Level
December 31, 2014 (audited)			
Long-term financial liabilities			
Long-term financial loans	1.496.191.642	1.496.191.642	2
	1.496.191.642	**1.496.191.642**	
Short-term financial liabilities			
Suppliers, including suppliers of PP&E	188.359.948	188.359.948	2
Borrowings, short term portions of long term borrowings	204.680.260	204.680.260	2
Employee benefits and other payables	56.276.336	56.276.336	2
	449.316.544	**449.316.544**	

(iii) ***Other risks***

a) Operational risk

Operational risk is the risk deriving from deficiencies relating to Group’s information technology and control systems as well as the risk of human error and natural disasters. Also, the operational risk is associated with the Group's ability to provide the electricity quantities undertaken through contracts on the regulated and competitive market, considering both planned and unplanned outages for Units 1 and 2.

The management of these risks relates to assessment, maintenance and continuous modernization of the Group's systems as well as to the proper planning and conducting of preventive and corrective maintenance activities for controlling nuclear risks and for reducing the number of hours of downtime.

b) Compliance risk

Compliance risk is the risk of financial loss, including fines and penalties, which arises from non-compliance with laws and regulations as result of possible changes in the legislative framework. These changes may relate to the imposition by local and central authorities or by the regulatory authority for energy (ANRE) of new contractual provisions or tax changes. This risk is limited by continuously monitoring and assessing the impact on the Group by legislative changes.

23. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS

(i) Taxation

The Romanian taxation system is in a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of tax legislation. In some cases, 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 tax for 5 years. The Group'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 liablity in this respect.

(ii) Insurance policies

As at December 31, 2015 the following operational insurance policies are in force:

- Property insurance policy for material damages, all risks, including mechanical and electrical destruction (for Cernavodă NPP Units 1 and 2 and FCN Pitești). The compensation limit is subject to a maximum of USD 1.560 million per year for all losses.
- Third party liablity insurance for nuclear damages. The compensation limit is DST 300 million (for Cernavodă NPP Units 1 and 2).

(iii) Environmental issues

The Group has not recorded any liability as at 31 December 2015 and 31 December 2014 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 2015 are not significant. Furthermore, the Group is insured against the risk of nuclear accidents, up to an amount of DST 300 million, as described in section (ii) above.

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

(iv) Ongoing litigations

In 2015, the Group was involved in a number of disputes arising in its normal course of activity. The management of the Group regularly analyzes the ongoing litigationsand, after consulting with its legal advisersand lawyers, decides whether or not to create a provisionfor the amounts involved or to present them in the financial statements.

Taxes and duties.Income tax for non-residents

At the request of the Court of Auditors, the Company underwent a partial tax inspection on income tax for non-residents for the period 2012-2014. The tax audit was conducted by the National Agency for Fiscal Administration, the General Administration of Large Taxpayers (ANAF-DGAMC). Following the completion of the tax audit the fiscal inspection report no. F-MC 287/08.10.2015 was prepared and the tax decision no. F-MC 2261/08.10.2015 was issued. By the decision imposing tax payment, additional payment obligations were established in the total amount of RON 7,961,458, of which RON 5,797,714 additional tax relating to non-residents income, RON 1,450,145 delay penalties and RON 713,599 penalties for late payment. These amounts were paid in October, 2015.

The Company filed appeal against the tax audit report and the taxation imposing decision on08.11.2015. On 08.02.2016, the competent body for settling appeals, namely the General Directorate for appeals settling within ANAF communicated to the Group the Decision no. 25/29.01.2016 ordering the appeal to be settled until the final settlement of the Company's action against the Court of Auditors subject to File no. 4970/2/2015 of the Court of Appeal. Against this decision to suspend the appeal settlement the Company filed legal action at the Court of Appeal of Bucharest (case no. 1367/2/2016), considering that the reasons for the suspension of appeal settlement are unfounded.

The Company filed an appeal to the Court of Auditors against the the report and conclusion of the Court of Auditors regarding the measures ordered in relation to income tax for non-residents. The appeal was rejected. Further, the Company submitted to the Court of Appeals of Bucharesr, two actions against the Audit Report No. 4371/10.04.2005, Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015 issued by the Court of Auditors, one action aimed at suspending the implementation of the measures imposed on the income of non-residents (file no. 4970/2/2015) and the other aimed at the cancellation of these measures (file no. 4958/2/2015). On 07.10.2015 the suspension action in case no. 4970/2/2015 was admitted. In case no. 4958/2/2015, the Court allowed the appeal by the Group and canceled the measure on the income of non-residents in the meeting that took place on March, 10 2016. Both solutions can be appealed.

Also, the Company filed for annulment of the additional payment obligations under EGO no.44/2015, application that was filed to the tax authorities on 18.12.2015. Until the authorization date for issuance of these financial statements, the request for cancellation of the additional payment obligations have not been settled; the competent tax authority, namely ANAF-DGAMC informed the Company that in order to solve the request, some clarifications were requested from the General Regulatory Directorate for budget liabilities collection within the Ministry of Public Finance.

Thus, the Compnay contests the fiscal approach applied to some services performed by non-residents during 2012-2014, which were deemed royalties due to an alleged transfer of know-how by public external auditors or by tax inspectors; this fiscal approach led to the establishment of additional payment obligations following the tax audit above-mentioned. The Compnay will use all legal remedies to contest the payment obligations.

In the opinion of the Group's management there are no current legal actions or claims which might have significant effects on the financial earnings and the financial position of the Group that has not been included in these financial statements.

(v) Commitments

On December 31, 2015, the Group is committed to support the operating and capital costs amounting to approximatively 1,011 million RON.

24. FEES

The Group concluded on December 19, 2014, a contract for auditing and financial auditing services with Baker Tilly Klitou and Partners SRL with a duration of 36 months. Total fees (including VAT) for the financial year 2015 charged for the statutory audit of annual financial statements is RON 155.348 and the total fees (including VAT) for insurance services (additional services to the audit serices) in 2015 amount to RON 29.386.

On March 4, 2015 the Group concluded a contract with a duration of 12 months with BDO TAX LLC for provision of tax consultancy based on monthly subscription. Total fees (including VAT) charged in the fiscal year ended on December 31, 2015 amounted to RON 66.821.

In April 2014, Energonuclear concluded an agreement for statutary audit services realting to the annual financial statements with *A.Co Internal and Financial Audit SRL*, for 12 months period, with one-year automatic extension unless the Parties otherwise notify. The total fees (includingVAT) for the fiscal year 2015 amount yo 21,276 RON.

(All amounts are presented in RON, unless otherwise indicated.)

25. EVENTS SUBSEQUENT TO THE REPORTING DATE

Amendments to the Tax Code regarding the building tax

Since 2016, the new Tax Code (Law 227/2015) has no longer excluded the nuclear power plants from the buildings definition. Thus, in 2014 and 2015, based on the Tax Code applicable at the time (Law 571/2003 with subsequent amendments) the Groupwas charged with the tax on buildings for the two nuclear power plants.

Since 2016, as the exception from the definition of a building is no longer applicable to a nuclear power plant, the Grouphas the obligation to pay the tax on non-residential buildings belonging to legal entities for the two nuclear power plants to the City Council of Cernavodă. Since the Group has to pay the tax on buildings it shall no longer pay the tax on constructions related to the two nuclear units for year 2016.

Unlike the tax on constructions, scheduled to be eliminated starting with 2017, the tax on buildings will be due by the Group in the future, without the reintroduction of the exception from the definition of a building of the nuclear power plants, together with hydroelectric and thermoelectric plants, with the exception stipulated in the old Tax Code art. 250, Section (1).

The tax on non-residential buildings belonging to legal entities is established between 0.2% - 1.3% of the taxable value of buildings; that share may be increased in certain circumstances by up to 50% by the local authorities.

For 2016, the City Council of Cernavodă established the tax on non-residential buildings owned by legal entities to be 0.5% of the taxable value.

The taxable value was determined by an authorised assessor appointed by the Company (East Bridge SRL) and the evaluation was conducted based on the evaluation guide ANEVAR, GEV-500. According to ANEVAR evaluation guide, the taxable value is not a market value.

Cernavodă NPP Units 3 and 4 Project

The Romanian Government issued on January 19, 2016 a Letter of Support for the Project related to Units 3 and 4 of Cernavodă NPP. Currently, the negotiations continue on the Investment Documents, namely the Investors Agreement and Articles of Association.

Date: March 23, 2016

Daniela LULACHE	Mihai DARIE
CEO	CFO