



SN NuclearelectricaSA

Individual 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-UE)**

SN Nuclearelectrica SA
Statement of Individual Financial Position as at 31 December 2015
(All amounts are presented in RON, unless otherwise indicated.)

		December 31, 2015	December 31, 2014
		(audited)	(audited, restated)
Assets			
Non-current assets			
Property, plant and equipment (tangible assets)	<u>5</u>	7.474.555.551	7.788.998.048
Intangible assets	<u>6</u>	79.982.771	94.558.653
Financial investment	<u>7</u>	141.689.201	141.686.201
Total non-current assets		7.696.227.523	8.025.242.902
Current assets			
Inventories	<u>8</u>	323.222.947	328.082.555
Income tax receivable		1.173.730	-
Trade receivables and other receivables	<u>9</u>	163.499.181	240.118.861
Prepayments		12.072.918	18.546.205
Bank deposits	<u>10</u>	1.103.841.528	31.442.715
Cash and cash equivalents	<u>10</u>	257.376.819	1.152.298.625
Total current assets		1.861.187.123	1.770.488.961
Total assets		9.557.414.646	9.795.731.863
Equity and liabilities			
Equity			
Share capital, out of which:	<u>11</u>	3.210.641.253	3.013.330.303
<i>Subscribed and paid in share capital</i>		<i>3.015.138.510</i>	<i>2.817.827.560</i>
<i>Inflation adjustment to share capital</i>		<i>195.502.743</i>	<i>195.502.743</i>
Share-premium	<u>11</u>	31.474.149	31.474.149
Prepaid share reserve	<u>11</u>	21.553.537	217.820.977
Revaluation reserve	<u>11</u>	293.329.577	313.405.061
Reported result	<u>11</u>	3.936.724.775	3.853.283.081
Total equity		7.493.723.291	7.429.313.571
Liabilities			
Non-current liabilities			
Long term loans	<u>12</u>	1.279.606.054	1.496.191.642
Long-term deferred income	<u>19</u>	157.791.277	172.135.939
Deferred tax liability		173.496.018	186.372.003
Employee benefits	<u>15</u>	31.796.021	33.267.120
Total non-current liabilities		1.642.689.370	1.887.966.704
Current liabilities			
Accounts payable and other liabilities	<u>13</u>	197.281.806	244.366.147
Current tax liability		-	4.495.676
Short term advance income		21.671.875	24.909.505
Current portion of long term loans	<u>12</u>	202.048.304	204.680.260
Total current liabilities		421.001.985	478.451.588
Total liabilities		2.063.691.355	2.366.418.292
Total equity and liabilities		9.557.414.646	9.795.731.863

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Individual profit and loss account for the year ended on December 31, 2015

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

		2015	2014
		(audited)	(audited)
	Note		
Income			
Income from the sale of electricity	<u>16</u>	1.673.421.590	1.685.350.384
Income from the transport of electricity		75.247.078	109.272.960
Total income		<u>1.748.668.668</u>	<u>1.794.623.344</u>
Other income	<u>19</u>	34.329.171	19.629.242
Operating costs			
Depreciation and amortization		(493.762.157)	(425.873.117)
Personnel costs		(301.369.015)	(298.622.905)
Cost of acquired electricity		(26.828.898)	(29.499.135)
Repairs and maintenance		(129.820.114)	(130.414.701)
Cost of transport for electricity		(75.247.078)	(109.272.960)
Cost of spare parts		(18.721.768)	(24.748.712)
Cost of nuclear fuel		(139.198.799)	(134.241.709)
Other operating costs	<u>17</u>	(437.910.555)	(486.370.170)
Total operating costs		<u>(1.622.858.384)</u>	<u>(1.639.043.409)</u>
Operating result		<u>160.139.455</u>	<u>175.209.177</u>
Financial costs	<u>18</u>	(150.843.084)	(117.836.207)
Financial income	<u>18</u>	169.027.593	96.953.834
Financial net costs		<u>18.184.509</u>	<u>(20.882.373)</u>
Profit before profit tax		<u>178.323.964</u>	<u>154.326.804</u>
Cost with net profit tax	<u>14</u>	(29.180.235)	(21.262.149)
Profit of the fiscal year		<u>149.143.729</u>	<u>133.064.655</u>

The individual financial statements on pages 1-48 were approved for publication by the senior management on March 23, 2016 and signed on its behalf by:

Daniela Lulache
CEO

Mihai Darie
CFO

SN Nuclearelectrica SA

Individual financial statement of the comprehensive income for the year ended on December 31, 2015

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

	Note	2015 (audited)	2014 (audited)
Fiscal year profit		149.143.729	133.064.655
Other elements of the comprehensive income			
Elements that will never be classified in the profit and loss account			
Property, plant and equipment revaluation	<u>5</u>	3.772.653	-
Deferred tax liability related to the revaluation reserve	<u>14</u>	(603.624)	-
Deferred tax liability related to the defined benefit plans		1.447.515	(4.180.478)
Other elements of the comprehensive income		4.616.544	(4.180.478)
Total comprehensive income		153.760.273	128.884.177
Earnings per share			
Basing earnings per share (lei/share)	<u>21</u>	0,50	0,47
Diluted earnings per share (lei/share)	<u>21</u>	0,50	0,44

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Individual financial statement of changes in equity for the year ended on December 31, 2015

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

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2015 (audited, restated)		3.013.330.303	31.474.149	217.820.977	313.405.061	3.853.283.081	7.429.313.571
Comprehensive income for the period							
<i>Profit for the fiscal year</i>						149.143.729	149.143.729
<i>Other elements of the comprehensive income (AERG)</i>		-	-	-	3.169.029	1.447.515	4.616.544
Total comprehensive income for the period		-	-	-	3.169.029	150.591.244	153.760.273
Share issue		197.310.952	-	(197.304.802)	-	-	6.150
Transfer to the reserve		(2)	-	-	-	2	-
Transfer of the revaluation reserve to the retained earnings		-	-	-	(23.244.513)	23.244.513	-
Prepaid reserve increase	11	-	-	1.037.362	-	(27.753)	1.009.609
Dividends distribution		-	-	-	-	(90.366.312)	(90.366.312)
Balance as at December 31, 2015 (audited)		3.210.641.253	31.474.149	21.553.537	293.329.577	3.936.724.775	7.493.723.291

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Individual financial statement of changes in equity for the year ended on December 31, 2015

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

Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2014 (audited)	3.013.330.303	31.474.149	215.930.237	337.713.566	4.099.989.096	7.698.437.351
Adjustment of accounting errors					(58.941.562)	(58.941.562)
Balance as at January 1, 2014 (restated)	3.013.330.303	31.474.149	215.930.237	337.713.566	4.041.047.534	7.639.495.789
Comprehensive income for the period						
<i>Profit for the fiscal year</i>	-	-	-	-	133.064.655	133.064.655
<i>Other elements of the comprehensive income (AERG)</i>	-	-	-	-	(4.180.478)	(4.180.478)
Total comprehensive income for the period	-	-	-	-	128.884.177	128.884.177
Transfer of reserves from revaluation to retained earnings	-	-	-	(24.308.505)	24.308.505	-
Increase of prepaid reserve			1.890.740			1.890.740
Dividends distribution					(340.957.135)	(340.957.135)
Balance as at December 31, 2014 (audited, restated)	3.013.330.303	31.474.149	217.820.977	313.405.061	3.853.283.081	7.429.313.571

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Individual Statement of Cash Flows for the year ended 31 December 2015

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

	2015 (audited)	2014 (audited)
Cash flows from operating activities		
Profit before income tax	178.323.964	154.326.804
Adjustments for:		
Depreciation and amortization	493.762.157	425.873.117
Impairment loss on trade and other receivables	(877.223)	682.441
Impairment loss on inventories	(1.662.547)	2.377.648
Provisions	8.588.083	10.714.953
Loss from assets transfer and provisions impact on non-current assets	102.904	442.063
Net financial costs/(gains)	(17.873.418)	19.878.927
Changes in:		
Decrease/(increase) in trade receivables and other receivables	85.575.763	(56.590.540)
Decrease/(increase) in inventories	(7.667.439)	(13.739.825)
Variation of deferred income	(17.582.292)	(21.442.739)
(Decrease) in trade liabilities and other liabilities	(27.114.737)	(7.377.707)
Cash flows related to operating activities	693.575.215	515.145.142
Paid profit tax	(48.329.250)	(62.435.522)
Interest received	18.665.900	34.610.710
Interest paid	(13.629.233)	(17.593.298)
Net cash relating to operating activities	650.282.632	469.727.032
Cash flows relating to investment activities		
Purchase of intangible assets	(8.262.645)	(15.916.800)
Purchase of tangible assets (property, plant and equipment)	(165.795.802)	(147.460.436)
Proceeds from Property, plant and equipment sale	171.404	235.472
(Increase)/Decrease in bank deposits	(1.072.398.813)	673.082.990
Investment in Energonuclear		(17.947.585)
Net cash flow from operating activities	(1.246.285.856)	491.993.641
Cash flow used in financing activities		
Repayments of loans	(210.715.164)	(217.050.422)
Payments of dividends	(88.209.568)	(331.651.879)
Share issue	6.150	-
Net cash flow used in financing activities	(298.918.582)	(548.702.301)
Net increase in cash and cash equivalents	(894.921.806)	413.018.372
Cash and cash equivalents at January 1, (Refer to Note 10.)	1.152.298.625	739.280.253
Cash and cash equivalents at the end of the fiscal year (Refer to Note 10.)	257.376.819	1.152.298.625

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

1. REPORTING ENTITY

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

The main operating location is in Cernavoda, Constanta County, where the Company has two operating nuclear reactors (Unit 1 and Unit 2), two nuclear reactors in early stage of construction (Units 3 and 4) and a nuclear reactor (Unit 5) for which the shareholders of the Company approved a change in purpose. The construction of Units 3 and 4 was planned to be completed by Energonuclear; currently, there is a new strategy for the continuation of the Units Project 3 and 4, approved by the Extraordinary General Meeting of Shareholders on August 22, 2014 (for more information please see Note 5). The two operating nuclear reactors are based on CANDU technology (Canada Deuterium Uranium, PHWR type).

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

The main activity of the Company is to generate electricity using nuclear power plant units 1 and 2.

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Romanian Energy Regulatory Authority (“ANRE”), an autonomous public institution. ANRE establishes through annual decision the tariffs to be used by the Company 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 electricity sold in 2015 amounts to 10.780.618 MWh (2014:10.843.782 MWh). The average price for the electricity sold by the Company on 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.

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

As described in Note 11, on December 31, 2015 the shareholders of the Company are: The Romanian State through the Ministry of Energy which holds 248,736,619 shares representing 82.4959% of the share capital, Fondul Proprietatea SA which holds 27,408,381 shares representing 9.0903% of the share capital and other natural persons shareholders holding together 25,368,851 shares, representing 8.4138% of the share capital.

These individual financial statements were approved for publication by the management of the Company on March 23, 2016.

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of assessment

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

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

c) Functional and presentation currency

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

d) Use of estimates and professional judgments

The preparation of the individual financial statements in conformity with IFRS requires the management to make 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 3c), assumptions used in determining the fair value (Refer to Note 4 and Note 22e), assumptions made in determining the fair value of tangible assets (property, plant and equipment) (Refer to Note 5), the transfer to tangible assets (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 9), assumptions regarding the net recoverable value of inventories (Refer to Note 8), assumptions regarding the calculation of employee benefits (Refer to Note 15), the period on which the governmental subsidies are transferred to the profit and loss account (Refer to Note 19 and Note 3p). Actual results may differ from the estimates ones.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are acknowledged 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 7 (key assumptions relating to the continuance of the project developed by EnergoNuclear).

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Foreign currency transactions

Transactions in foreign currencies are translated into RON at exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies at fiscal year end are translated to RON at the exchange rate prevailing on that date (exchange rate used is the one published by the National Bank of Romania). Exchange gains and losses, realised or unrealised, are included in profit or loss for that year. The exchange rates on December 31, 2015 and December 31, 2014 for the main currencies in which the Company has transactions 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.

b) Accounting for the effects of hyperinflation

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

c) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are initially measured at cost less accumulated amortization and accumulated impairment losses.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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 and location for their intended use; and
- capitalised borrowing costs.

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

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

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

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

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

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

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

Revaluations are made with sufficient regularity to ensure 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.

If the carrying amount of an asset is increased as a result of a revaluation, this increase should be credited directly in equity, in the heading "revaluation reserves". However, the increase shall be recognized in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss.

If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit and loss. However, the decrease shall be recognized in other comprehensive income, to the extent that there is a credit

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

balance in the revaluation surplus for that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity in the heading "revaluation reserves".

Subsequent costs

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

Depreciation

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

Depreciation of other items of property, plant and equipment is calculated using the straight-line method from the date the asset is complete and available for use, over their estimated useful lives. The estimated useful lives are as follows:

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

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

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

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

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

d) Intangible assets

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

Research and development

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

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

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

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

e) Impairment of non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

f) Inventories

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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

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

The Company initially recognizes the loans and receivables on the date on which they were originated. All other financial assets are initially recognized on the trade date when the Company becomes party to the contractual terms of the instrument.

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

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

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

Non-derivative financial liabilities

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

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

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

Other financial liabilities comprise borrowings and trade and other payables.

h) Trade and other receivables

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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

i) Cash and cash equivalents

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

j) Share capital

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

k) Legal reserve

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

l) Prepaid share reserve

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

m) Dividends

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

n) Trade and other payables

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

Following the *IFRIC 21* Taxes implementation, the Company amended its accounting policies regarding the moment of acknowledging the debt regarding the special constructions 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 of occurring the activity that triggers the payment, as defined by the relevant law. 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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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.

o) Borrowings

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

p) Government grants

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

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

q) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

Deferred tax is not recognized 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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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

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

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

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

(iii) Tax exposure

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

r) Employee Benefits**(i) Defined Benefits Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net liabilities in relation to the defined benefits plans are calculated separately for each single plan, by estimating the amount of future benefit that employees have earned in return for the services rendered in the current and prior periods; these benefits are discounted to the present value. Any costs of unrecognized prior services and the fair value of the benefits plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected credit factor method. When the calculation results in a benefit for the Company, the recognized asset is limited to the total of the unrecognized past service costs and the present value of any economic benefits available in the form of future reimbursements in the plan or some reductions applied to the future contributions to the plan. To calculate the present value of the economic benefits, all minimum financing requirements applicable to any plan of the Company are considered. An economic benefit is available for the Company if it is attainable over the life of the plan or when debts in the plan are settled.

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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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

The Company recognizes gains or losses related to the decrease or settlement of a defined benefit plan such decrease or settlement occurs.

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

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. This benefit is updated to determine its fair value, and the fair value of any related asset is deducted. These benefits are estimated the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short-term benefits employee benefits

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

s) Provisions

A provision is recognized if, as a result of a past event, the Company has a present, legal or constructive obligation that can be estimated reliably and it is likely that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Amortisation of update is recognized as financial expense. The provision related to the intermediary storage of plant nuclear fuel is determined as the discounted value of future expenses with the storage of nuclear fuel.

t) Revenues recognition

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

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

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

u) Finance income and finance costs

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

v) Operating Segments

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

- That engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the same entity;
- Whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (“CODM”) to allocate resources and assess its performance; and
- For which distinct financial information is available.

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

w) Earnings per share

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

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

x) Affiliated parties

When one party, either through ownership, contractual rights, family relationship or otherwise has the power to directly or indirectly control or significantly influence the other party, the parties are considered affiliated parties.

y) Contingencies

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

z) Comparatives

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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

During the current year the Company 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 Company's management expects that the implementation of these accounting standards in future periods will have no material effect on the financial statements of the Company.

4. DETERMINATION OF FAIR VALUES

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

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

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

Property, plant and equipment

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

5. TANGIBLE ASSETS (PROPERTY, PLANT AND EQUIPMENT)

	Lands	Nuclear power plants	Machineries, equipment and other assets	Assets under construction	TOTAL
Cost					
Balance on January 1, 2014	26.798.388	5.877.495.178	1.253.792.375	1.170.764.228	8.328.850.169
Additions	1.890.740	-	6.288.291	156.468.673	164.647.704
Transfers	-	194.699.813	121.209.147	(315.908.960)	-
Disposals	-	-	(3.887.640)	(25.785.183)	(29.672.823)
Amortization adjustment	(27.041)	-	32.467.989	10.023.082	42.464.030
Balance on December 31, 2014	28.662.087	6.072.194.991	1.409.870.162	995.561.840	8.506.289.079
Balance on January 1, 2015	28.662.087	6.072.194.991	1.409.870.162	995.561.840	8.506.289.079
Inflows	1.006.071	-	14.087.194	123.699.391	138.792.656
Revaluation of special buildings/land/constructions	4.357.831	4.417.451	(5.002.628)	-	3.772.654
Offset of accumulated depreciation on revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Transfers	-	12.772.406	140.213.936	(152.986.343)	-
Inventory transfer	-	-	-	14.189.594	14.189.594
Spare parts transfers	-	-	879.654	(879.654)	-
Disposals	-	-	(2.050.146)	(61.643)	(2.111.789)
Balance on 31.12.2015	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Depreciation and impairment losses					
Balance on January 1, 2014	155.515	-	106.192.528	164.524.102	270.872.145
Effect of the correction of accounting errors	-	-	-	585.583	585.583
Balance on January 1, 2014	155.515	-	106.192.528	165.109.685	271.457.728
Amortization cost	77.757	334.518.634	97.768.239	-	432.364.630
Accumulated amortization of disposals	-	-	(3.288.904)	-	(3.288.904)
Adjustments for impairment of non-current assets	-	-	18.714	(25.725.167)	(25.706.452)
Amortization adjustment	-	-	42.464.030	-	42.464.030
Balance on December 31, 2014	233.272	334.518.634	243.154.607	139.384.518	717.291.031
Balance on January 1, 2015	233.272	334.518.634	243.154.606	139.384.519	717.291.031
Amortization cost	77.757	339.289.050	108.129.274	-	447.496.081
Revaluation of special buildings/land/constructions	2.490.088	29.408.719	(16.607.332)	-	15.291.475
Accumulated amortization of disposals	-	-	(1.838.455)	-	(1.838.455)
Adjustments for impairment of non-current assets	-	-	(13.106)	8.149.618	8.136.511
Offset of accumulated depreciation on revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Balance on 31.12.2015	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Carrying amount					
Balance on January 1, 2014	26.642.873	5.877.495.178	1.147.599.847	1.005.654.543	8.057.392.441
Balance on December 31, 2014	28.428.815	5.737.676.357	1.166.715.555	856.177.322	7.788.998.048
Balance on December 31, 2015	31.224.872	5.386.168.445	1.225.173.185	831.989.050	7.474.555.551

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

Machinery, equipment and other assets mainly include the first load of heavy water used for Units 1 and 2, with a net carrying amount on 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 Company, 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, 2012 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 depreciation of 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 in progress" 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 Company allocated 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 Company 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 Company 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 Company 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-Magnetita amounting to 6,890,479 RON (2014: 0 RON);
- construction of storage and loading facilities for the spent nuclear fuel (DICA) 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 2,777,931 RON (2014: 16,842,183 RON).

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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 Company 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 company has identified and transferred certain spare parts from inventories to property, plant and equipment, such spare parts comply with the definition of property, 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 512,234,889 RON (December 31, 2014: 514,836,941 RON). On December 31, 2015, the remaining difference up to 831,989,050 RON (December 31, 2014, audited, restated: 856,177,322 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 (31 decembrie 2014 : 7.091.987 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 (31 decembrie 2014: 15.888.801 RON) and advances to property, plant and equipment suppliers amounting to 16.608.581 RON (31 decembrie 2014: 19.660.501 RON).

On December 31, 2015, the Company purchased non-current assets on credit from suppliers amounting to 14,618,981 RON (December 31, 2014: 50,493,364 RON).

Decommissioning of nuclear units

Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of these two units, due to the fact it is not responsible for the decommissioning. According to Government decision no. 1080/5 September 2007, the Nuclear Agency and Radioactive Waste (ANDR) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of useful lives of the units, and also for the permanent storage of the resulting waste (Refer to Note 17). The contribution paid by the Company 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 Company has no pledged or mortgaged assets.

6. INTANGIBLE ASSETS

	Licenses and software	Software for the nuclear power plant	Intangible assets in progress	TOTAL
Cost				
Balance on January 1, 2014	55.865.876	85.766.332	68.087.692	209.719.900
Additions	2.199.056	55.428.800	11.957.697	69.585.552
Transfers	-	-	-	-
Disposals	(500.628)	(9.645)	(53.666.195)	(54.176.468)
Amortization adjustment		(3.898.039)	(10.882)	(3.908.921)
Balance on December 31, 2014	57.564.304	137.287.448	26.368.312	221.220.063
Balance on January 1, 2015	57.564.304	137.287.448	26.368.312	221.220.063
Additions	2.317.592	2.906.629	3.038.424	8.262.645
Transfers	50.000	26.318.312	(26.368.312)	-
Disposals	(30.874)	(31.505)	-	(62.380)
Balance on December 31, 2015	59.901.022	166.480.884	3.038.424	229.420.330
Accumulated amortization				
Balance on January 1, 2014	48.330.247	63.532.860	-	111.863.107
Amortization costs	6.838.169	12.376.771	-	19.214.940
Amortization related to disposals	(498.070)	(9.645)	-	(507.715)
Amortization adjustment	-	(3.908.921)	-	(3.908.921)
Balance on December 31, 2014	54.670.346	71.991.065	-	126.661.411
Balance on January 1, 2015	54.670.346	71.991.065	-	126.661.411
Amortization costs	4.756.730	18.081.359	-	22.838.089
Amortization related to disposals	(30.874)	(31.067)	-	(61.941)
Amortization adjustment	-	-	-	-
Balance on December 31, 2015	59.396.202	90.041.357	-	149.437.559
Carrying amount				
Balance on January 1, 2014	7.535.629	22.233.472	68.087.692	97.856.793
Balance on December 31, 2014	2.893.958	65.296.383	26.368.312	94.558.653
Balance on December 31, 2015	504.820	76.439.527	3.038.424	79.982.771

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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

7. FINANCIAL INVESTMENTS

The financial investments are mainly represented by the investment in EnergoNuclear S.A. (“Energonuclear”).

As at December 31, 2015 and December 31, 2014, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of the equity stake on December 31, 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 process of establishment of the new project company and, respectively, the transfer of Energonuclear value into the new project company, according to the Strategy for the continuation of Cernavoda 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 SNN’s Shareholders.

The strategy provides the creation of a mixed company, according to Article 50 of Law 137/2002, constituted by SNN, on the one hand, and a private selected investor, namely a Project Company (“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 company to the IPP type company (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 – heavy water and uranium octoxide - and respectively in the patrimony of the Company – land, buildings, equipment etc – and that of Energonuclear, according to the law. The heavy 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 of Cernavoda NPP. On October 17, 2014, the Joint Letter regarding the Intention to develop the Project was signed. Subsequently, the Romanian party sent to CGN a Memorandum of Understanding Project („MoU”) – document targeted to define and agree upon the negotiation principles of the Investment Agreement. In relation to the MoU project, CGN sent amendment 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 Commission for the Project of Units 3 and 4 CNE Cernavoda took place. The MoU, including its annexes, 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 Cernavoda 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 Investors Agreement and the Incorporation Articles of the new project company, 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 Cernavoda NPP.

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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 Cernavoda NPP is a priority of the energy sector development, provided by the Romanian Energy Strategy 2007-2020 approved by Government Decision no. 1069/2007.

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 above mentioned issues, as well as the stage of the negotiations with the Selected Investor, the senior management of the Company has high 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 produced by Units 3 and 4. Therefore, the management of the Company considers the investment in Energonuclear S.A. will be returned, according to the Strategy.

8. INVENTORIES

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

	December 31, 2015 (audited)	December 31, 2014 (audited, restated)
Spare parts	140.662.839	153.606.586
Consumables and other materials	46.920.353	42.629.924
Nuclear fuel	98.500.893	86.686.002
Uranium	28.328.866	36.379.148
Other inventories	8.809.996	8.780.895
Total	323.222.947	328.082.555

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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

*(All amounts are presented in RON, unless otherwise indicated.)***9. TRADE AND OTHER RECEIVABLES**

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

	<u>December 31, 2015</u> <u>(audited)</u>	<u>December 31, 2014</u> <u>(audited)</u>
Trade receivables	139.116.404	176.034.614
Trade receivables allowance	(12.848.554)	(14.132.449)
Other receivables	16.032.462	33.558.220
Other receivables allowance	(3.660.872)	(3.254.200)
VAT recoverable	24.859.741	47.912.676
Total	<u>163.499.181</u>	<u>240.118.861</u>

On December 31, 2015, the main trade receivables in balance 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 Company, 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 Company cashed-in in 2015 a receivable in amount of 17.523.388 RON from December 31, 2014.

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

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).

10. CASH, CASH EQUIVALENTS AND BANK DEPOSITS

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

	<u>December 31, 2015</u> <u>(audited)</u>	<u>December 31, 2014</u> <u>(audited)</u>
Cash at bank in RON	255.426.980	1.150.439.704
Cash at bank in foreign currency	1.949.839	1.858.921
Total cash and cash equivalents	<u>257.376.819</u>	<u>1.152.298.625</u>

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. Current accounts include bank deposits with an initial maturity below 3 months.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

11. EQUITY

Share capital

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

As at December 31, 2015 and December 31, 2014, the share capital includes the effect of the restatements in the previous years according to the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", as it is mentioned in Note 3.b).

The reconciliation of the share capital is as follows:

	<u>December 31, 2015</u> <u>(audited)</u>	<u>December 31, 2014</u> <u>(audited)</u>
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)	<u>3.210.641.253</u>	<u>3.013.330.303</u>

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 unfolded during 05.01.2015 - 04.02.2015, according to the Prospectus approved by the Company'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 acknowledged 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, who had the capacity of shareholder on the Registration Date (22.10.2014), in order to maintain the participation quotas 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.

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. 102/11.08.2015, 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 "Guard house and access road" in the town of Saligny, Constanța County.
- Maximum 62,201 new shares, amounting to 622,010 RON which were offered according to the pre-emption right to other shareholders or persons being shareholder on the Registration Date (28/08/2015), in order to maintain the share quota held in the Company on the Registration Date.

Following the approval of the Prospectus by the Board of Directors of the Company by decision no. 117/14.09.2015 and the FSA decision no. 2662/10.15.2015, in the period 19.10.2015 - 11.18.2015 the offer corresponding to the share capital

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

increase was carried out. Given the above, and sinceno shares were subscribed for in exercise of the right of preference, in its meeting of 23.11.2015, 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 capital 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:

Shareholders	December 31, 2015		December 31, 2014	
	Number of shares	% of the share capital	Number of shares	% of the share capital
Romanian State	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.

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 Cernavoda 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 Cernavoda (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 Cernavoda 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 amounts to zero (December 31, 2014: 19.626.744 RON).

Revaluation reserves

As at December 31, 2015 the revaluation reserve amounts to 293,329,577 RON (December 31, 2014: 313,405,061 RON). Such amount is net of the deferred tax related to the reevaluation reserve.

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 603,624 RON was deducted.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

The retained earnings represent the accumulated earnings of the Company. 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. In 2015 the Company 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).

12. BORROWINGS

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

	Currency	Interest rate	Value	Due date
Balance on January 1, 2015 (audited)			1.751.972.263	
New drawdowns				
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
Currency exchange differences			(15.426.474)	
Balance on December 31, 2015 (audited)			1.525.830.626	

(i) Long term borrowings

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

	December 31, 2015	December 31, 2014
	(audited)	(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 borrowings	1.525.830.626	1.751.972.263
Less: Current portion of long-term borrowings	(209.134.834)	(210.862.486)
Less: Transaction costs for obtaining the loans (long term)	(37.089.738)	(44.918.135)
Total long-term loans net of current amounts	1.279.606.054	1.496.191.642

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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 Company 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 reimbursement 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 Company 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: CAD 57.66 million). The reimbursement 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. 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 Company in 2002. The initial value of the loan was CAD327.8 million. The amount due on December 31, 2015 was CAD 142.05 million (December 31, 2014: EUR 163.9 million). The reimbursement 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 Company 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 reimbursement is divided in 20 installments over a period of 11 years, payable between January 2008 and July 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 Company 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 reimbursement is divided in 20 installments over a period of 10 years, payable between December 2007 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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

*(All amounts are presented in RON, unless otherwise indicated.)**f) The loan granted by EURATOM*

The loan was granted by EURATOM to the Company 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 Company'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 the 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.

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 Company in favor of the creditor.

(ii) Short-term loans

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

	December 31, 2015 (audited)	December 31, 2014 (audited)
Current portion of the long term borrowings	209.134.834	210.862.486
Accrued interest related to 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

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

*(All amounts are presented in RON, unless otherwise indicated.)***13. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

As at December 31, 2015 and December 31, 2014, the accounts payable and other liabilities are as follows:

	December 31, 2015	December 31, 2014
	(audited)	(audited)
Property, plant and equipment suppliers	14.618.981	50.493.364
Trade payables	118.293.915	137.853.316
Payables to employees	14.488.236	13.272.224
Payables to the State	22.770.187	22.683.546
Dividends	281.269	457.076
Other payables	26.829.218	19.606.621
Total	197.281.806	244.366.147

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 "Suppliers of non-current assets" includes an amount of 35,955 RON related to the debts to affiliated parties (December 31, 2014: 3,619,192 RON). As at December 31, 2015 the position "Suppliers" includes an amount of 26,406,001 RON related to the debts to affiliated parties (December 31, 2014: 50,256,134 RON).

14. INCOME TAXES

Tax recognized in profit or loss:

	2015	2014
	(audited)	(audited)
Current tax expense	42.659.844	31.948.595
Deferred tax release	(13.479.609)	(10.686.446)
Total	29.180.235	21.262.149

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	2014
	(audited)	(audited)
Profit before the income tax	178.323.964	154.326.804
Income tax at the statutory rate of 16%	28.531.834	24.692.289
The effect of non-deductible expenses	9.523.211	5.392.456
Taxation of revaluation reserves	9.018.873	8.915.537
Effect of tax exempt income	(4.141.753)	(6.869.206)
Deferred tax release	(13.479.609)	(10.686.446)
Reinvested profit	(196.872)	(86.913)
Effects of other differences	(75.449)	(95.568)
Income tax expense	29.180.235	21.262.149

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

The deferred tax consists of:

December 31, 2015 (audited)	Assets	Liabilities	Net
PPE&E	-	177.444.078	177.444.078
Intangible assets	-	1.456.665	1.456.665
Inventories	-	219.097	219.097
Employee benefits	(4.801.703)	-	(4.801.703)
Employees participation to profit	(574.240)	-	(574.240)
Administrators remuneration	(215.111)	-	(215.111)
Unspent vacations	(32.768)	-	(32.768)
Net tax (asset)/debt	(5.623.822)	179.119.840	173.496.018

December 31, 2014 (audited, restated)	Assets	Liabilities	Net
PPE&E	-	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 to profit	(418.944)	-	(418.944)
Administrators remuneration	(148.156)	-	(148.156)
Net tax (asset)/debt	(5.372.578)	191.744.581	186.372.003

Movement in deferred tax balances 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)
PPE&E	200.581.398	(9.438.693)	-	(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)	(612.272)	-	-	(4.805.478)	3.775	-	(4.801.703)
Employees participation to profit	-	(418.944)	-	-	(418.944)	(155.296)	-	(574.240)
Administrators remuneration	-	(148.156)	-	-	(148.156)	(66.955)	-	(215.111)
Deferred tax related to unspent vacations	-	-	-	-	-	(32.768)	-	(32.768)
Net tax (asset)/debt	208.285.414	(10.686.446)	-	(11.226.964)	186.372.003	(13.479.609)	603.624	173.496.018

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

*(All amounts are presented in RON, unless otherwise indicated.)***15. EMPLOYEE BENEFITS**

	December 31, 2015 (audited)	December 31, 2014 (audited)
Retirement benefits	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 Company's liability to pay benefits in case of death of employee was included, since the calculation principles under IAS 19 involves the reduction of Company'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
Salary increase rate	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.
Average real yield	2,2%	2,2%
Mortality table	Mortality rates in Romania 2013	Mortality rates in Romania 2009-2010
Average gross salary	5.601	5.405

The above assumptions have been considered taking into account:

- The real average efficiency is calculated based on the estimation of the inflation rate and government bonds efficiency on the 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.

16. REVENUES FROM 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

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

*(All amounts are presented in RON, unless otherwise indicated.)***(ii) Quantity sold**

	<u>2015</u> <u>(audited)</u>	<u>2014</u> <u>(audited)</u>
Quantity of electricity sold on regulated market (MWh)	2.252.443	3.742.440
Quantity of electricity sold on free market (MWh)	8.528.174	7.101.342
Total	<u>10.780.618</u>	<u>10.843.782</u>

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 Company delivers thermal energy to the local thermal energy distribution company 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 Company for selling electricity on the regulated market and also the quantities to be sold by the Company on the regulated market.

17. OTHER OPERATIONAL EXPENSES

	<u>2015</u> <u>(audited)</u>	<u>2014</u> <u>(audited)</u>
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	47.289.842	71.788.411
Total	<u>437.910.555</u>	<u>486.370.170</u>

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 Company is required to make two types of contributions to the ANDR:

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

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

According to this legislative act, the annual contribution for decommissioning is paid over the projected useful life of both nuclear units, and the direct annual contribution for permanent storage is paid over the operational period of the nuclear units and consequently, ANDR takes responsibility for managing the entire decommissioning process at the 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 Company 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 company 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.

18. FINANCIAL INCOMES AND FINANCE COSTS

	<u>2015</u>	<u>2014</u>
	<u>(audited)</u>	<u>(audited)</u>
Interest income	20.261.165	29.477.239
Foreign exchange gains	148.035.144	67.072.602
Dividends income	731.284	403.993
Financial income	169.027.593	96.953.834
Foreign exchange losses	(130.289.757)	(92.909.492)
Interest expense	(20.553.327)	(24.926.715)
Finance costs	(150.843.084)	(117.836.207)
Net financial (expenses)/incomes	18.184.509	(20.882.373)

19. OTHER INCOMES

	<u>2015</u>	<u>2014</u>
	<u>(audited)</u>	<u>(audited)</u>
Income from investment subsidies	14.383.051	14.381.193
Income from compensations, fines and penalties	2.777.402	1.576.890
Other incomes	17.168.718	3.671.159
Total	34.329.171	19.629.242

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.

20. TRANSACTIONS WITH RELATED PARTIES

i) Transactions with state owned companies

The company 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 company 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 Company).

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

(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 Naționala 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 12).

iii) Compensation to senior management of the Company

The management of the Company is made up of:

- The members of the Board of Directors who have concluded mandate contracts with the Company;
- The managers of the Company with mandate contracts within the Company;
- Other managers within the Company 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 concluded administration (mandate) contracts with the Company, their remuneration being approved by the General Meeting of Shareholders. The managers with mandate contracts are remunerated on the basis of the contractual provisions within the general limits approved by 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 Company.

	2015 (audited)	2014 (audited)
Remuneration of the management of the Company	6.296.371	5.631.501
	6.296.371	5.631.501

Notes on pages 1-25 are an integral part of these individual financial statements.

21. EARNINGS PER SHARE

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

<i>(i) Basic earnings per share</i>	2015	2014
	(audited)	(audited)
Net profit for the fiscal year	149.143.729	133.064.655
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
 <i>(ii) Diluted earnings per share</i>		
	2015	2014
	(audited)	(audited)
Net profit for the fiscal year	149.143.729	133.064.655
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 to Note 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 Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest rate risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the financial performance of the Company.

The Company does not have formal arrangements to mitigate financial risks. Despite the fact that no formal arrangements are in place, the financial risks are strictly monitored by the senior management given the financial needs of the Company 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 Company's income or the value of its financial instruments.

a) Currency risk

The Company 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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

The Company's functional currency is RON. The Company is exposed to foreign currency risk on cash, cash equivalents, purchases and long-term loans denominated in a currency other than the functional one of the Company. The currencies which exposes the Company to this risk are primarily EUR, USD, CAD and GBP. Long-term loans are denominated in foreign currencies and retranslated to RON, at the exchange rate prevailing on the balance sheet date, as communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account and do not affect cash flows until the settlement of the amount.

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

	Carrying amount (*)	RON	EUR	USD	CAD	GBP
December 31, 2015						
Monetary assets						
Cash and cash equivalents	257.376.819	244.609.048	169.085	5.438.906	7.150.167	9.612
Prepayments	12.072.918	11.760.759	830	64.222	247.108	-
Property, plant and equipment (prepayments)	7.942.234				7.942.234	
Gross exposure	277.391.971	256.369.807	169.915	5.503.128	15.339.509	9.612
Cash liabilities						
Trade Payables & Suppliers of PP&E	(132.912.896)	(117.964.184)	(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	(1.658.743.522)	(117.964.184)	(1.078.437.443)	(27.529.373)	(434.428.065)	(384.458)
Net exposure in the statement of financial position (audited)	(1.381.351.551)	138.405.623	(1.078.267.528)	(22.026.244)	(419.088.556)	(374.846)
December 31, 2014						
Monetary assets						
Cash and cash equivalents	1.152.298.625	1.148.300.083	1.173.963	2.487.596	125.895	211.088
Prepayments	18.546.205	17.756.209	426.191	4.091	359.714	-
Gross exposure	1.170.844.830	1.166.056.292	1.600.154	2.491.687	485.609	211.088
Monetary liabilities						
Trade Payables & Suppliers of PP&E	(188.346.680)	(151.537.898)	(5.457.969)	(18.003.310)	(12.774.634)	(572.868)
Borrowings	(1.751.972.263)	-	(1.197.517.785)	(32.667.936)	(521.786.542)	-
Gross exposure	(1.940.318.943)	(151.537.898)	(1.202.975.754)	(50.671.246)	(534.561.176)	(572.868)
Net exposure in the statement of financial position (audited)	(769.474.113)	1.014.518.394	(1.201.375.600)	(48.179.559)	(534.075.567)	(361.780)

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

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

(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	107.860.886	120.457.591
USD	3.303.250	5.316.293
CAD	44.976.757	53.504.679
GBP	39.407	78.396
Total	156.180.300	179.356.959

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 effect on the amounts shown above, assuming that all other variables remained constant.

	Loss 2015 (audited)	Loss 2014 (audited)
EUR	(107.860.886)	(120.457.591)
USD	(3.303.250)	(5.316.293)
CAD	(44.976.757)	(53.504.679)
GBP	(39.407)	(78.396)
Total	(156.180.300)	(179.356.959)

b) Interest rate risk

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

	Carrying amount (*)	
	December 31, 2015 (audited)	December 31, 2014 (audited)
Fixed rate instruments		
Financial assets	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.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

*(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 Company may incur if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from Company's trade receivables and financial investments.

Financial assets, which potentially subject the Company 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 of depreciation adjustment, represents the maximum amount exposed to credit risk.

On December 31, 2015 the Company 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 9).

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	69.962.642	63.166.756
Eximbank	60.000.901	100.000.000
Other	87.310.461	57.405.677
Total cash and bank deposits	1.361.218.347	1.183.741.340

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

	Net value	
	December 31, 2015 (audited)	December 31, 2014 (audited)
Financial assets		
Trade receivables	126.267.850	161.902.165
Bank deposits	1.103.841.528	31.442.715
Cash and cash equivalents	257.376.819	1.152.298.625
Other receivables	37.231.331	78.216.696
	1.524.717.528	1.423.860.201

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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	125.837.335	-	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	139.116.404	(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	-	76.593.452	-
Past due 1-30 days	900	-	-	-
Past due 31-90 days	112.081	(111.751)	-	-
Past due 91-180 days	243.029	(226.869)	226.669	-
Past due 181-270 days	40.000	(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	40.892.203	(3.660.872)	81.470.896	(3.254.200)

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 resumptons	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 Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

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

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

	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	132.912.896	132.912.896	132.912.896	-	-	-
Other payables	64.368.910	64.368.910	64.368.910	-	-	-
	1.723.112.432	1.758.391.522	415.262.580	231.208.701	629.670.527	482.249.714
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	188.346.680	188.346.680	188.346.680	-	-	-
Other payables	56.019.467	56.019.467	56.019.467	-	-	-
	1.996.338.410	2.067.008.927	471.984.873	223.786.497	670.525.432	700.712.125

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

(ii) **Capital management**

The Company 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 may be 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 Company 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 Company 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 Company'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	126.267.850	126.267.850	2
Cash and cash equivalents	257.376.819	257.376.819	2
Bank deposits	1.103.841.528	1.103.841.528	2
Net other receivables	37.231.331	37.231.331	2
	1.524.717.528	1.524.717.528	

Notes on pages 1-25 are an integral part of these individual financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

	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	1.152.298.625	1.152.298.625	2
Bank deposits	31.442.715	31.442.715	2
Net other receivables	78.216.696	78.216.696	2
	1.423.860.201	1.423.860.201	
<hr/>			
	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	
<hr/>			
Short-term financial liabilities			
Suppliers, including suppliers of PP&E	132.912.896	132.912.896	2
Borrowings, short term portions of long term borrowings	202.048.304	202.048.304	2
Employee benefits and other payables	64.368.910	64.368.910	2
	399.330.110	399.330.110	
<hr/>			
	Carrying amount	Fair value	Level
December 31, 2014			
(audited)			
Long-term financial liabilities			
Long term borrowings	1.496.191.642	1.496.191.642	2
	1.496.191.642	1.496.191.642	
<hr/>			
Short-term financial liabilities			
Suppliers, including suppliers of PP&E	188.346.680	188.346.680	2
Borrowings, short term portions of long term borrowings	204.680.260	204.680.260	2
Employee benefits and other payables	56.019.467	56.019.467	2
	449.046.407	449.046.407	

Notes on pages 1-25 are an integral part of these individual financial statements.

(iii) Other risks

a) Operational risk

Operational risk is the risk deriving from deficiencies relating to Company'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 Company'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 Company'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 Company 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 Company's management considers that the tax liabilities included in these financial statements are fairly stated, and they are not aware of any circumstances which may give rise to a potential material liability in this respect.

(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 Cernavoda 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 liability insurance for nuclear damages. The compensation limit is DST 300 (for Cernavoda NPP Units 1 and 2).

(iii) Environmental issues

The Company recorded no liability as at December 31, 2015 and December 31, 2014 for any anticipated costs relating to environmental issues, including legal and consulting fees, site studies, the design and implementation of remediation plans. Responsibility for decommissioning and cleaning-up of nuclear installations was taken over by ANDR (Note 5). The management considers that the nuclear plant fully comply with the Romanian and international environmental standards and estimates that additional costs associated with environmental compliance at December 31, 2014 are not significant. Furthermore, the Company is insured against the risk of nuclear accidents, up to the amount of DST 300 million, as described in section (ii) above.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

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

(iv) Ongoing litigations

In 2015, the Company was involved in a number of disputes arising in its normal course of activity. The management of the Company regularly analyzes the ongoing litigations and, after consulting with its legal advisers and lawyers, decides whether or not to create a provision for 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 on 08.11.2015. On 08.02.2016, the competent body for settling appeals, namely the General Directorate for appeals settling within ANAF communicated to the Company 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 Company 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 Company 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 Company will use all legal remedies to contest the payment obligations.

In the opinion of the Company'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 Company that has not been included in these financial statements.

SN Nuclearelectrica SA

Notes to the Individual Financial Statements for the year ended 31 December 2015

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

(v) Commitments

On December 31, 2015, the Company is committed to support the operating and capital costs amounting to approximately 1011 million RON.

24. FEES

The Company 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 services) in 2015 amount to RON 29.386.

On March 4, 2015 the Company 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.

25. SUBSEQUENT EVENTS

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 Company was 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 Company has 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 Cernavoda. Since the Company 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 Company 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 Cernavoda 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.

Cernavoda 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 Cernavoda NPP. Currently, the negotiations continue on the Investment Documents, namely the Investors Agreement and Articles of Association.

Date: March 23, 2016

Daniela LULACHE
CEO

Mihai DARIE
CFO

Notes on pages 1-25 are an integral part of these individual financial statements.