KRŠKO
NUCLEAR
POWER
PLANT

ANNUAL REPORT 2007

CONTENTS

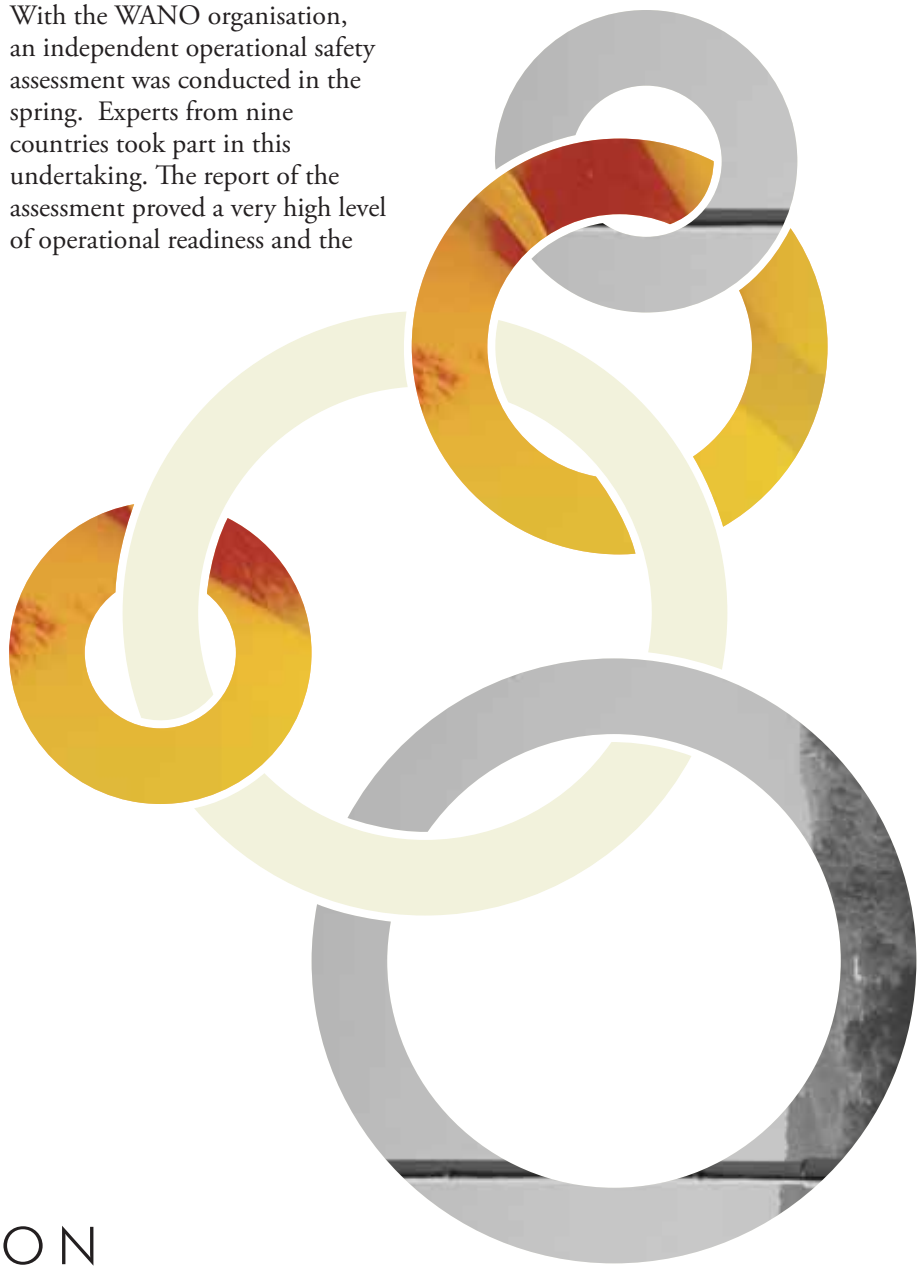
Dear reader,

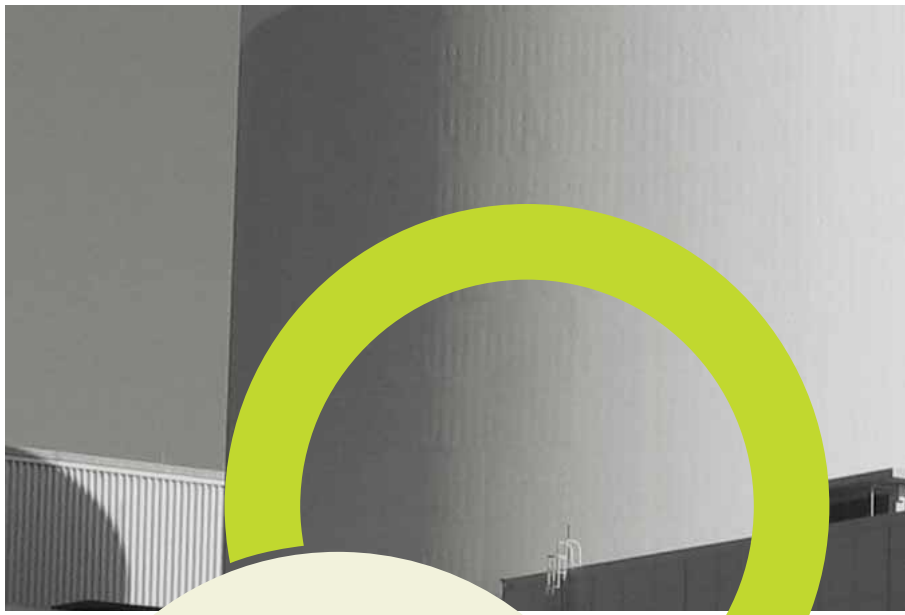
In 2007 our mission and all our responsibilities in NEK were met in all basic fields of our activities. The safe, reliable and competitive plant operation was ensured, as well as public acceptability and implementation of provisions stipulated in the Intergovernmental Agreement.

We endeavoured to pursue the fundamental orientation related to safety and business ethics. Nuclear safety has always been top priority in decision-making as well as in work processes, a demand that we have always been aware of due to the uniqueness and exclusivity of nuclear technology coupled with our social responsibility. The performance indicators demonstrate that the year 2007 was exceptionally successful in view of safety and stability of operations; a period of 510 days of uninterrupted operation throughout the fuel cycle is an extraordinary achievement not only from our own criteria but also from the view of world standards. With high operational stability an output of 5,428 GWh was achieved and all safety and operational targets in accordance with WANO definitions were met.

The 2007 results were achieved due to the long-term positive strategy of the company. They are above all based on stable and competent staff, highly motivated and capable management, stable financial sources, appropriate investments in technological reconstruction, high-quality industrial support, investment in training, appropriate organisation and last but not least to exceptional enthusiasm and loyalty on the part of every employee.

With the WANO organisation, an independent operational safety assessment was conducted in the spring. Experts from nine countries took part in this undertaking. The report of the assessment proved a very high level of operational readiness and the correctness of strategic orientation. Several good practices were manifested. In areas where the expected standards were not met, recommendations were prepared for future development, e.g. effective decision-making process and radiological protection management.










Operational stability justified and proved the correctness of technological systems renovation which was continued from the previous period into and throughout 2007. Special emphasis was laid on the replacement and reconstruction of mechanical equipment in the secondary part of the plant, new safety solutions in the containment, and revitalisation of electric generator and motor drives. This meant an important step towards maintaining safe reserves and plant availability in the future.

In terms of regulatory procedures, a very constructive dialogue was held with the Slovenian Nuclear Safety Administration which resulted in the approval of proposed modifications carried out during the outage, ensuring an efficient revision of the final safety report and the closing of issues from the 10-year safety review. All technological and environmental constraints were complied with and the impact on the environment was kept at a minimum.

The nuclear power plant is a non-profit making company. The resources available were managed in line with the annual business plan and in an economic and efficient manner. The cost price achieved per generated kilowatt hour was competitive. The company was managed in accordance with the Intergovernmental Agreement and the Articles of Association and in the interest of safe and stable plant operation.

NEK Management Board

01

When evaluating the year 2007 and while seeking challenges for the future in past achievements, the high efficiency and reliability of the Krško Nuclear Plant (NEK) must be particularly highlighted. The plant's annual production plan was exceeded and the plant achieved the longest ever uninterrupted production run, having been in operation without shutdowns throughout the 22nd cycle, from the end of the outage on 14th May 2006 to the beginning of the next outage on 6th October 2007. The 510-day of continuous operation is an extraordinary achievement at world level. No doubt this is a challenge which cannot be easily achieved and requires high professionalism and enthusiasm of all employees, a challenge also set for 2008.

NEK has been following the strategy typical for a nuclear power plant where continual investment in technological upgrading and modernisation is required. The concept of five-year investment planning has been accepted, with average annual investment in technological modernisation in the amount of € 23 million. The 2007 outage was, in its extensiveness and modernisation complexity one of the most demanding and complex since 2000, when the plant underwent modernisation including the replacement of both steam generators. During the outage, NEK's personnel plus 1,200 subcontractors were required to complete the scope as per outage plan in a timely manner and meeting the quality standards.

Due to the 18-month fuel cycle, the year 2008 will necessitate no outage shutdown. The next outage is planned for 2009. In 2008 we will continue to carry out technological upgrading which can be performed during online maintenance. This will be followed by the replacement of cooling units, ventilation system upgrading in the radioactive waste building, purchase of a spare condensate pump motor, and the cooling tower system extension. Timely completion of the cooling towers system extension is a challenge as the completion of the project will reduce the plant's dependence on favourable weather conditions and the Sava river flow, resulting in an increase in power generation.

Due to the on-going process of retirement of those employees who have been with the power plant since its construction or the first years of production, this year with no outage will be also

IMPORTANT ACHIEVEMENTS IN THE YEAR 2007 AND CHALLENGES FOR THE YEAR 2008

an opportunity to increase the investment in knowledge and staff training and pay more attention to a systematic transfer of knowledge to young employees, while making intense preparations for the next outage at the same time.

The basic mission of the power plant is to ensure competitive electricity production by safe and stable operation of the plant. In order to ensure competitiveness, all possible reserves in the operation processes should be verified. The development of business information system to facilitate the business processes is only one of the opportunities. In 2007 a decision was made to install the ORACLE E-Business Suite system, which represents a transition from a passive business information system used for business processes data recording into a proactive business information systems management and business processes management and ensures their standardisation, integrates them, enables business briefing on a daily basis, contemporary communication and supports Slovenian Accounting Standards. A transition to the new system will be an opportunity for us to prove again that we are a company where acquiring new knowledge and implementing new ideas is a devoted constant of every employee.

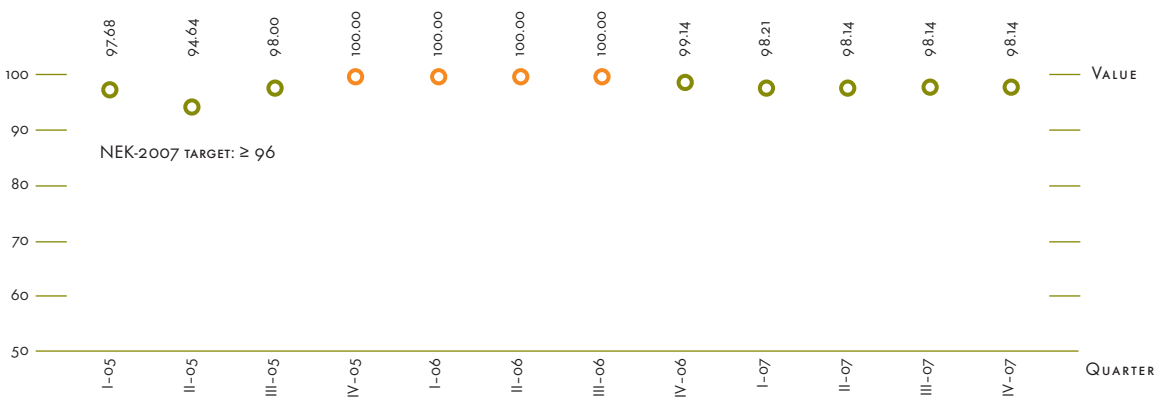
In 2007 the power plant operated, as in all years until now, in accordance with administrative limitations. The emission levels into the environment were below the legal limits as evident by the results of the environment monitoring which has been carried out by NEK via authorised companies, thus ensuring independent measurements and analyses. A responsible attitude towards the environment and transparency in all activities is a process in view of acquiring the international environment certificate ISO 14001 as one of the high priority challenges in 2008.

In the local environment, in Europe and at the global level there have been intensive discussions held concerning the decision-making process regarding the energy policy which would meet the requirements of increased power demand while meeting all the environmental goals. More and more frequent references to and decisions regarding the construction of new power plants have resulted in increased public interest in all aspects of NEK's operations. We are fully aware that our positive steps, while ensuring safe and stable operation of the plant which is our constant commitment, will maintain and upgrade public confidence. The assurance of public acceptability will remain our challenge also in the future.

IMPORTANT ACHIEVEMENTS IN THE YEAR 2007 AND CHALLENGES FOR THE YEAR 2008

69.29

PERFORMANCE INDICATOR INDEX



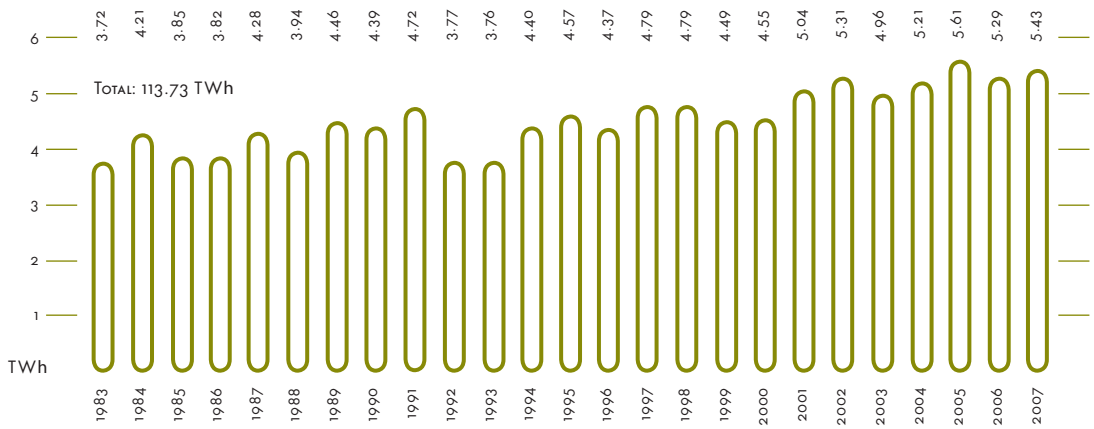
THE YEAR 2007 WAS A SUCCESSFUL YEAR FOR NEK IN ALL ASPECTS. THE PLANT OPERATED WITH NO FORCED SHUTDOWNS, AND NO OPERATIONAL OR SAFETY RELEVANT EVENTS FOR A CONTINUOUS PERIOD OF 510 DAYS. FURTHERMORE, THE PLANNED OUTAGE FOLLOWING THE PERIOD OF 18 MONTHS OF UNINTERRUPTED OPERATION WAS COMPLETED IN TIME AND SUCCESSFULLY. FOR THE SECOND CONSECUTIVE YEAR THERE WERE NO FORCED OR UNPLANNED SHUTDOWNS IN NEK.

To make performance monitoring easier and in order to facilitate the comparison between nuclear power plants, a performance indicator index was introduced, calculated from weighted values of individual indicators, with values on a scale from 0 to 100. The target index for the year 2007 was ≥ 96, and the value actually achieved was 98.14. This puts NEK among the leading quarter of the most successful nuclear power plants in the world.

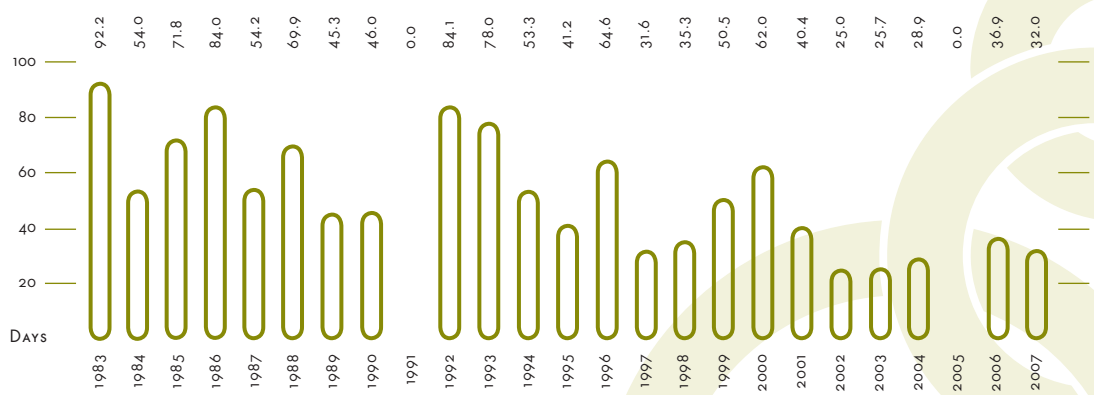
NEK generated a total of 5,695 gigawatt hours of gross electricity at the generator outlet or 5,428.2 gigawatt hours of net electrical power.

CONCISEREPORT

ANNUAL ELECTRICITY OUTPUT



OUTAGE DURATION



Our efforts to optimize work processes can be best observed in the company's permanent trend of shortening outages. Some outages in the last decade were longer due to major technological upgrades. Since the 2000 outage when the two steam generators were replaced, the 2007 outage was the most extensive and demanding one.

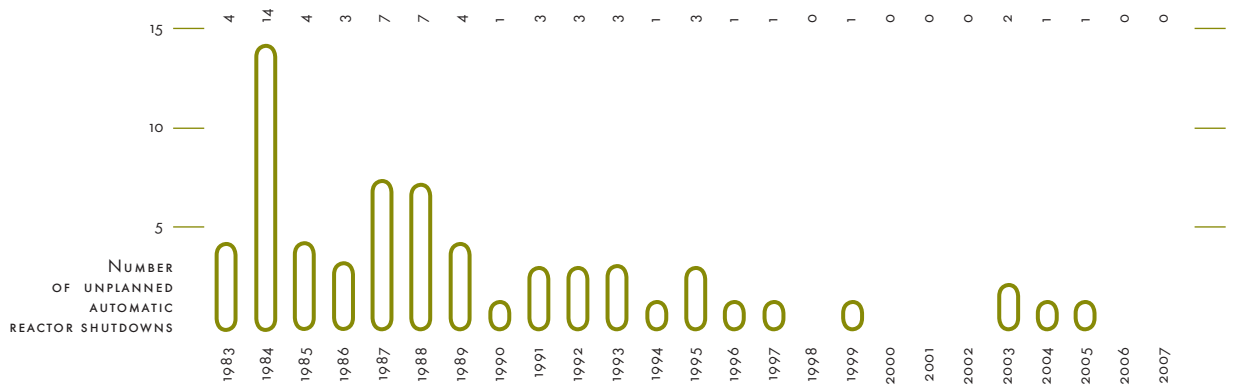
OPERATIONAL EVENTS:

Important events or plant shutdowns in 2007:

- On 12th May, according to the plan, power was decreased to 50 percent for a period of 23 hours to enable the execution of project modification of the condensate pump bearing cooling system;
- 6th October: commencement date of the outage which ended on 7th November, i.e. altogether 32 days.

There were no unplanned plant shutdowns.

UNPLANNED AUTOMATIC SHUTDOWNS



In 2007 liquid and gaseous radioactive discharges, as well as heat impact on the River Sava, stayed within the allowed administrative limits. 138 two-hundred-litre drums of radioactive waste were produced. The spent fuel storage pool contains 872 spent fuel elements from the previous 22 fuel cycles.

We achieved most of the targets in the area of performance indicators as set by the industry for 2010 as defined by the World Association of Nuclear Operators (WANO). Here special mention should be made of the excellent results concerning Forced Loss Rate, Unplanned Automatic Scrams per 7000 Hours Critical, and Safety Systems Performance.

Notwithstanding the results achieved NEK recognizes the need for constant improvement in all areas. For this reason the plant's operation was inspected by WANO in March. The inspection was carried out in line with the NEK's permanent orientation towards operating according to the highest standards in the world and the WANO's fundamental codes. The general opinion of the mission was very good.

01.09

NEK CARRIES OUT RADIOACTIVE MEASUREMENTS OF THE WASTE WATER DISCHARGES INTO THE RIVER SAVA AND EMISSIONS FROM THE VENTILATION SYSTEM INTO THE AIR. AN EXTENSIVE PROGRAMME OF RADIATION SURVEYING IS CARRIED OUT BY NEK AND OTHER INDEPENDENT INSTITUTIONS IN THE SURROUNDINGS AND FROM SAMPLES TAKEN FROM THE SURROUNDINGS, IN PARTICULAR IN THE AREA AROUND NEK WITHIN A DISTANCE OF THE 12 KILOMETRES. IN ADDITION, 13 AUTOMATIC RADIATION SURVEY STATIONS ARE LOCATED IN THE VICINITY OF THE POWER PLANT WHICH CAN DETECT ANY CHANGE IN THE NATURAL RADIATION DUE TO PRECIPITATIONS AS WELL AS POTENTIAL CHANGES DUE TO THE NUCLEAR FACILITY. THE RIVER SAVA IS MONITORED DOWNSTREAM FOR 30 KILOMETRES FROM THE PLANT.

The objective of the radiation monitoring is to monitor the plant operations and assess the impact on the surroundings and the local population. This is also the basis for verifying the compliance with legal limits. Regulations concerning the plant operations have been revised referring to the limitation of current impact values for the 500 meter radius from the reactor. This limit can be expressed with a dose rate which amounts to 0.11 µSv/h or the radioactive concentration limit. The limit prior to 2007 was 0.57 µSv/h. The collective annual impact on the population due to radioactive discharges/emissions is limited with the location permit and amount to 50 µSv at a distance of 500 m from the reactor or more. Administrative annual limits of radioactive emissions are also specified. There are also limits of annual doses at the plant boundary and amount to 200 µSv due to limited radiation from technological buildings.

NEK has been granted a change of activities concerning the liquid discharges by the Slovenian Nuclear Safety Administration and this change has been incorporated into its operating licence. The new annual limit for fission and activation products in wastewater is 100 GBq instead of 200 GBq, while the new quarterly limit amounts to 40 GBq instead of the previous limit value in the amount of 80 GBq. The new Tritium limit value is now 45 TBq instead of the previous 20 TBq, while the quarterly limit for Tritium has been abolished. For this reason it is easier for NEK to monitor Tritium release as the amount of this isotope has increased with the increased power and longer fuel cycle. However, the total limit of the impact on the environment concerning the dose is stricter due to a lower annual limit for more radiotoxic isotopes, i.e. fission and activation products. In comparison with other products the radiotoxic release of Tritium is less important.

ENVIRONMENTAL IMPACT






The radiological effluent surveillance has become stricter due to the implementation of revised radiological technical specifications having come into force on 11th July 2007. New limits of the activity and dose limits at the operational level have also been implemented. All limitations specified in the location permit have been taken into account as well as limitations concerning the surveillance of the radioactive waste treatment systems. The limits for noble gases from previous technical specifications have been replaced by dose limits. All limits are specified later on together with release data.

The radiation effects on the population are so low that it is practically immeasurable. However, they can be calculated by models for the most exposed groups of population and the annual dose can be compared with the dose received due to natural and other radiation sources. The assessment of an individual dose received form a reference group (an adult receiving the highest doses and whose food originates exclusively from locally grown food and fish) shows that the annual dose of such an individual is less than 2 μSv or that it is less than 0.1 % of the dose on average received by a person due to natural sources of radiation. The results of measurements taken are dealt with in detail in a special report, for 2007 prepared by Jožef Stefan Institute together with the following institutes: Institute for Occupational Safety, Rudjer Bošković Institute, MEIS Environmental Services, and NEK.

01.10 Liquid radioactive discharges

Wastewater may contain fission and activation products. In 2007 the activity of fission and activation products (excluding Tritium H-3, carbon C-14 and alpha particle emitters) amounted to 0.1 % of the annual limit for liquid discharges. The activity of discharged Tritium was below 50 % of the prescribed limit.

Tritium is a hydrogen isotope found in water and, in spite of being more active than other contaminants, it is less important due to its low radiotoxicity.

The plant observed technical norms which require that in any (although brief) discharge of such wastewater the concentration of radioactivity in the channel does not exceed the prescribed limits.

DATA ON RADIOACTIVE LIQUID DISCHARGES IN THE YEAR 2007

RADIOACTIVE SUBSTANCES	ANNUAL LIMIT	RELEASED ACTIVITY (Bq)	PERCENTAGE OF THE LIMIT
FISSION AND ACTIVATION PRODUCTS	100 GBq	122 MBq	0.12 %
TRITIUM (H-3)	45 TBq	21.7 TBq	48.3 %

01.20 Radioactive releases into the atmosphere

The total annual activity of discharged noble gases was approximately 0.3 percent of the dose limit for noble gases.

The activity of discharged radioactive iodine with regard to the limit on the iodine I-131 activity equivalent was approximately 0.3 percent. Radioactive isotopes of cobalt and caesium, which take the form of dust particles, were detected in extremely low concentrations. Detailed information is shown in the table on the right-hand side.

In 2007, the technical norms/ plant's specifications were taken into account, therefore the radioactive concentrations in the air/dose rate within 500-meter radius from the reactor did not exceed the prescribed value.

DATA ON RADIOACTIVE RELEASES INTO THE ATMOSPHERE IN THE YEAR 2007

RADIOACTIVE SUBSTANCES	ANNUAL LIMIT (EQUIVALENT)	PERCENTAGE OF LIMIT
FISSION AND ACTIVATION GASES (TOTAL)	< 50 µSv	0.291 %
IODINE (I-131 AND OTHERS)	18.5 GBq (I-131)	0.26 %
DUST PARTICLES (COBALT, CAESIUM, ETC.)	18.5 GBq	0.014 %
TRITIUM (H-3)	-	-
CARBON (C-14)	-	-

01.30 Dose in the environment

The annual dose limit of 50 µSv in the 500-meter radius from the reactor is checked monthly for the release into the air by calculating a dose that could have been received by a person at such distance in one year due to external and internal radiation. The least favourable monthly average rarefaction values and releases near the ground are taken into account for individual wind directions. The result for 2007 is 0.78 µSv.

01.40 Measurements of the River Sava and groundwater

Prescribed measurements of temperature, flow rate and oxygen concentration in the River Sava, and monthly measurements of biological and chemical oxygen consumption were carried out.

The increase in temperature of the River Sava after mixing did not exceed the permitted limit of 3° C. Not more than a quarter of the Sava flow can be diverted for power plant cooling.

Groundwater is regularly inspected by NEK who constantly measures the ground water level and temperature in three boreholes and two locations on the River Sava and, on a weekly basis, in ten boreholes in the Krško-Brežice plain.

Plant sewage is treated by a special sewage treatment plant.

01.50 Data on radioactive waste and spent nuclear fuel

In 2007, 138 two-hundred-litre drums of radioactive waste were produced. The total volume of radioactive waste stored in the interim storage is less than 2,500 m^3 and the total activity is less than 20 TBq. The storage is approximately 90 % full.

The spent fuel storage pool contains 872 spent fuel elements from the previous 22 fuel cycles. The overall mass of spent fuel material is 340 tonnes.

NEK PAYS SPECIAL ATTENTION TO ENSURING AND CHECKING THE EXECUTION OF REGULATIONS AND STANDARDS FOR NUCLEAR TECHNOLOGY, AS WELL AS OTHER MODERN TECHNOLOGIES IN PROJECT SOLUTIONS (EQUIPMENT UPGRADING), OPERATION AND MAINTENANCE ACTIVITIES, THE PURCHASING PROCESS AND OTHER ACTIVITIES WHICH CONTRIBUTE TO SAFE PLANT OPERATION AND THE SAFETY OF THE POPULATION. WE ARE COMMITTED TO PERMANENT IMPROVEMENT, PROFESSIONAL WORK AND PERSONAL GROWTH. OUR MISSION IS PERFORMED THROUGH INDEPENDENT INSPECTION, ON-GOING IMPROVEMENT OF PERSONAL ATTITUDES AND BEHAVIOUR AND SAFETY CULTURE, CRITICAL SELF-ASSESSMENT OF RESULTS ACHIEVED, CONSTANT COMPARISON WITH THE BEST COMPARABLE FACILITIES IN THE WORLD, BY LEARNING FROM BOTH IN-HOUSE AND FOREIGN OPERATING EXPERIENCE, AND ON-GOING CONDITION ASSESSMENT IN TERMS OF PLANT OPERATION SAFETY AND STABILITY.

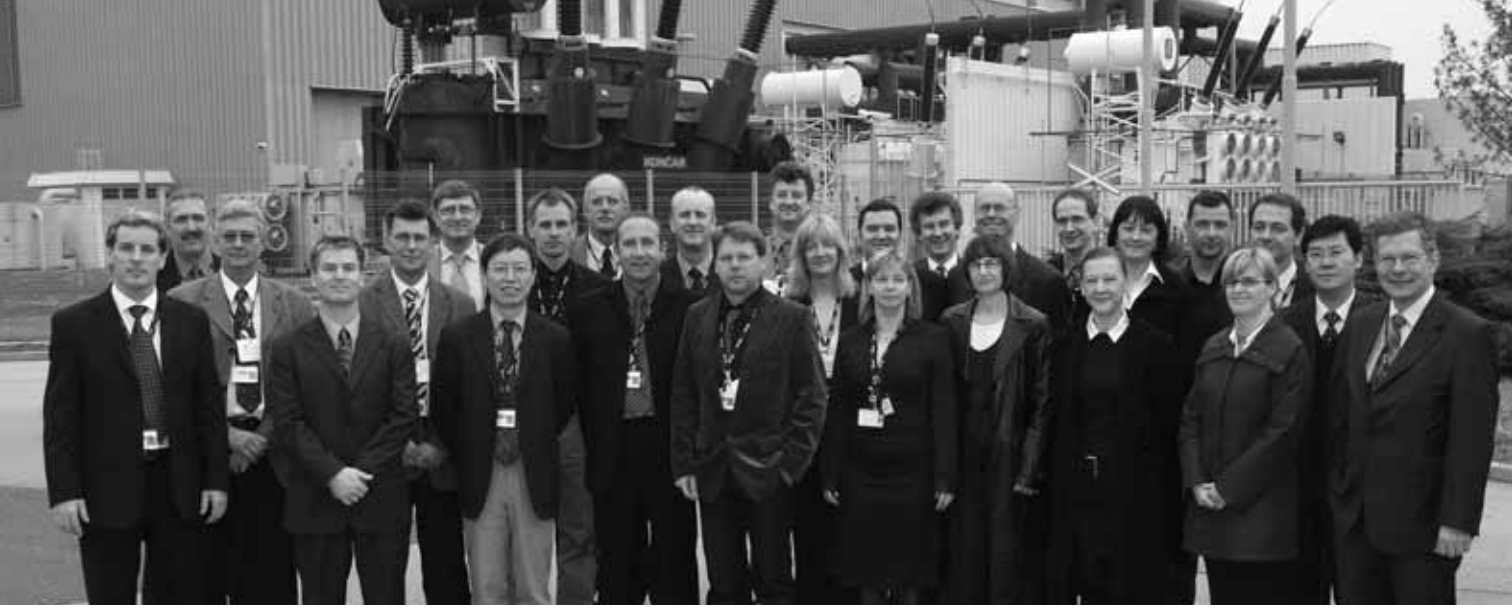
The improvement and upgrading of the quality system is an on-going process in the company. We have received a certificate of Slovenian accreditation for a dosimetric laboratory in accordance with standard SIS EN ISO/EC 17025:2005.

Another achievement on which we pride ourselves is that our chemistry laboratory has received the American recognition “Best of Set” for power plants with pressurized water reactors which take part in the international system of inter-laboratory comparison measurements, as the most accurate laboratory among 34 nuclear power plants.

02.10 Power plant expert inspection - WANO Peer Review

In March a WANO Peer Review was carried out at NEK. This was the third such mission in our plant (1995, 1999). The review was carried out on the basis of permanent orientation of NEK that work processes are to be carried out in accordance with the latest world standards and the basic principles of WANO organization. Experts from nine countries have reviewed the organisation and administration, operations, maintenance, engineering support, radiological protection, transfer of operating experience, chemistry, training, and fire protection.

MAINTAINING AND IMPROVING HIGH LEVELS OF NUCLEAR SAFETY



The general assessment of the mission was very good. The mission stressed good practice in several areas. Our practices were not compared with the world practice in the nuclear industry, but with the highest standards in the world which are still set as targets for the nuclear industry. They also specified the areas where improvements are possible in comparison with the best practice in the industry. A plan of action has been prepared with this regard to implement improvements with specified deadlines and assignment of responsibilities.

02.20 Self-assessment

NEK uses various tools to improve nuclear safety. Special emphasis is laid on implementing self-assessment as one of the key elements in achieving process improvements and in the objectives set. Self-assessments involve the evaluation of programmes, processes and lines of work in NEK. This includes the comparison of existing activities with executive expectations, best industrial standards and regulatory requirements to detect less apparent deviations or trends. Early correction of negative deviations or trends prevents the development of more acute problems which could seriously affect power plant safety, operational reliability or compliance with regulatory requirements.

In 2007 self-assessment related to the purchasing of NEK's technological parts was carried out. First, general and specific criteria were prepared for comparison purposes. Specific criteria are due to additional requirements related to safety equipment purchasing as specified by 10 CFR Appendix B (US Code of Federal Regulations).

The purchasing process was analysed and compared with current procedures. During interviews the process was reviewed and commentaries of individuals involved noted. All organizational units involved took part. The relevance of the computer support system was checked as well as other tools available to the users of the purchasing process. Important requirements were identified in the corrective programme data base which pointed at difficulties related to purchasing. The general conclusion is that the purchasing process is relatively well covered by current procedures and that it meets the majority of regulatory requirements. Improvements can still be made in traceability of inbuilt material and equipment. Recommendations were made concerning deficiencies.

Earlier self-assessments had been carried out related to safety culture and the corrective programme. The results of these assessments are action plans which are currently underway.

It is expected that safety culture - the value attributes which govern the way in which work is done in nuclear facilities and constitute a prerequisite for safe and stable operation of the plant - will continuously be improved in organisational units. The situation will be assessed again during the course of the following years and additional measures will be determined as necessary.
An appropriate safety culture in a company makes nuclear safety its top priority and serves as a basis for high performance and economic success.

The purpose of NEK's corrective programme is to solve deviations detected in equipment, processes, work practices or human performance, to examine proposed improvements and to analyse in-house and foreign (industrial) experience. It was established that the implementation of the programme was good; nevertheless certain factors and research into their root causes indicated some areas which are being improved in accordance with the action plan prepared for this purpose.

03.00

MAJOR TECHNOLOGICAL UPGRADING AND MODERNISATION

THE YEAR 2007 SAW INTENSIVE IMPLEMENTATION OF THE TECHNOLOGICAL UPGRADES WHICH WERE ENVISAGED IN THE ADOPTED LONG-TERM INVESTMENT PLAN. DURING THE OUTAGE, FOLLOWING THE SUCCESSFUL 18-MONTH FUEL CYCLE, AND DURING ONLINE MAINTENANCE OVER 50 EQUIPMENT AND SYSTEMS UPGRADES AND REPLACEMENTS WERE CARRIED OUT. THE MAJOR UPGRADES INCLUDED THE FOLLOWING:

03.10 REPLACEMENT OF CONTAINMENT SUMP SCREEN

The project of new screen installation in the containment included the replacement of the current screens in the containment sump with new ones. It was carried out in two stages. The first stage comprised assessing the type and quantity of insulation and possible types of debris in the containment, specifying critical crack points and the least favourable amount of debris to be transported to the containment sump, determining the amount of chemicals generated as a result of chemical reactions, assessing the effects of debris transportation on the residual heat removal system, and calculating pressure drop on new screens. Based on data of these analyses, designs were prepared and new screens installed during the outage. The project was completed as scheduled and all designed technical solutions were achieved.

03.20 REPLACEMENT OF THERMAL INSULATION IN CONTAINMENT

This modification included the replacement of non-metal insulation in the reactor building on all lines and components under elevation 98 and on the lines inside the steam generator cubicles. Due to the increased weight of the new thermal insulation, the values had to be reset for certain spring hangers on primary system lines.

03.30
Replacement of moisture separator reheaters

The installation of new moisture separator reheaters resulted in increased efficiency of moisture extraction and steam reheating prior to entry into the low-pressure turbines. This will prevent unplanned plant shutdowns due to failure or damage.

Perforated plates were installed into the steam separation system which provides improved distribution of steam flow prior to entry in the moisture extraction area. Moisture extraction is enhanced in terms of condensate extraction capacity and erosion resistance, while improvements in steam reheating relate to decreased pressure drops and better heat transfer onto preheated steam.

03.40
Upgrading the condenser cleaning system

All four filters in the condenser cooling system were replaced including control equipment. The new filters were installed into pipe knee providing significantly improved distribution of cleaning balls. The illustration of current status of each filter and auxiliary equipment is available in the process information system in the control room. A joint alarm from individual filters is connected to the alarm system in the main control room.

03.50
Replacement of condensate and feedwater heaters

The replacement of low-pressure heaters is the second stage of the feedwater heater replacement project. This stage included the replacement of low pressure heaters in the neck of condensers 4, 5, and 6, and extraction tubes from the expansion joint on the low-pressure turbine to the heaters. The components installed are made of improved material more resistant to process erosion/corrosion. The modification met all designed specifications of ASME PTC 12.1. Ten out of the total of twelve heaters have been replaced so far.

03.60
Procurement and installation of a new electric motor for the primary coolant pump

In order to maintain the availability and safety level of its operation, NEK decided to purchase a new electric motor for the primary coolant pump. It was manufactured by the original supplier.

MAJOR TECHNOLOGICAL UPGRADING AND MODERNISATION









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The new motor was installed during the outage and was mechanically, electrically and instrumentally connected to the power plant in the same manner as the original one. The modification included solutions to new connections and the necessary upgrading of existing connections in order to facilitate motor surveillance. The results of start-up tests showed no difference in features between the new and old motors and no operating restrictions for the new motor.

03.70 Replacement of protective relays on the generator-transformer unit - Stage 1 (110 kV)

There had been problems in testing individual relays lately. More frequent interventions were needed related to actuating and time settings. The reasons for difficulties lay in the ageing relays, which can in particular be reflected in the change of magnetic features of individual elements (permanent magnets) as well as mechanic characteristics of spring and bearing material. The ageing process of electro-mechanical protection caused hysteresis of all settings which could lead to non-selective and faulty functioning of the protection, and indirectly to a plant trip or damage to the equipment.

The old generation relay protection of electromechanical design was replaced with contemporary numeric protective elements. The improvements achieved included:

1. Redundancy requirements are met;
2. Transformer T3 (110 kV) protection is physically separated from the generator-transformer unit;
3. The status of individual protective relays and slave relays is connected to the process information system.

03.80 Repair on the vertical pipelines to the high-pressure turbine

The aim of the project was the repair of vertical pipelines towards the high-pressure turbine. The repair work included manual and machine buildup and surface repair of the interior side of the pipeline. The reason for the repair was damage caused to the pipelines due to erosion/corrosion. Rod ER309LSi was used as adding welding material. In line with the outage plan, approximately 16 meters of pipelines were weld-surfaced.

03.90 Replacement of certain sections of secondary piping

Secondary piping used for conducting single-phase and two-phase media are exposed to the effects of erosion and/or corrosion. On the basis of the results of ultrasonic measurements of the pipe wall thickness, experience and recommendations of the industry, extensive preventive replacement of pipelines was carried out on the steam extraction systems, main steam system, turbine drainage and the draining system. On wider diameter pipes the carbon steel was replaced with Cr-Mo steel, while stainless steel was used for smaller sizes. The replacement was supported by stress analysis carried out as part of a modification preparatory package. To accommodate the results of analysis, smaller corrections were made to certain lines and pipe supports.

64.69

MAJOR MAINTENANCE ACTIVITIES AND INSPECTION OF PRESSURE BOUNDARIES

APPROPRIATE INSPECTION, MAINTENANCE AND UPGRADES ENSURE THE OPERATIONAL STATUS OF EQUIPMENT. MAINTENANCE FALLS INTO THE AREAS OF PREVENTIVE MAINTENANCE, CARRIED OUT AT SPECIFIC INTERVALS DEFINED IN PROGRAMMES, PREDICTIVE MAINTENANCE, WHICH IS USED FOR ESTABLISHING THE STATUS OF EQUIPMENT (DIAGNOSTICS), AND CORRECTIVE MAINTENANCE, RELATED PRIMARILY TO EQUIPMENT NOT CRUCIAL TO THE AVAILABILITY AND SAFETY OF THE POWER PLANT.

Corrective measures on important equipment which is part of the preventive maintenance programme are followed by a detailed analysis of the cause and if necessary the preventive maintenance programme is revised accordingly.

During the outage the following regular standard activities were carried out:

- Overhaul and revision of high and low pressure motors, switches and other electrical equipment,
- Instrumentation calibrations,
- Inspection of equipment deterioration during operation by non-destructive methods,
- Overhaul of valves, ventilation systems and other machinery,
- Overhaul of diesel generators,
- Revision of the main generator and minor upgrading of generator rotor,
- Surveillance of secondary system components for signs of erosion and corrosion,

And major special activities, such as:

- Replacement of heater drains, turbine drains and extraction steam systems,
- Turbine overhaul of the auxiliary feedwater system,
- Painting the inside of one of the condensate tanks,
- Inspection of reactor vessel head weld penetrations,
- Internal inspection of reactor vessel,
- Internal inspection of steam generator secondary sides;
- Inspection of damaged tubes of steam generator No. 2 by the eddy current method and plugging of damaged tubes.


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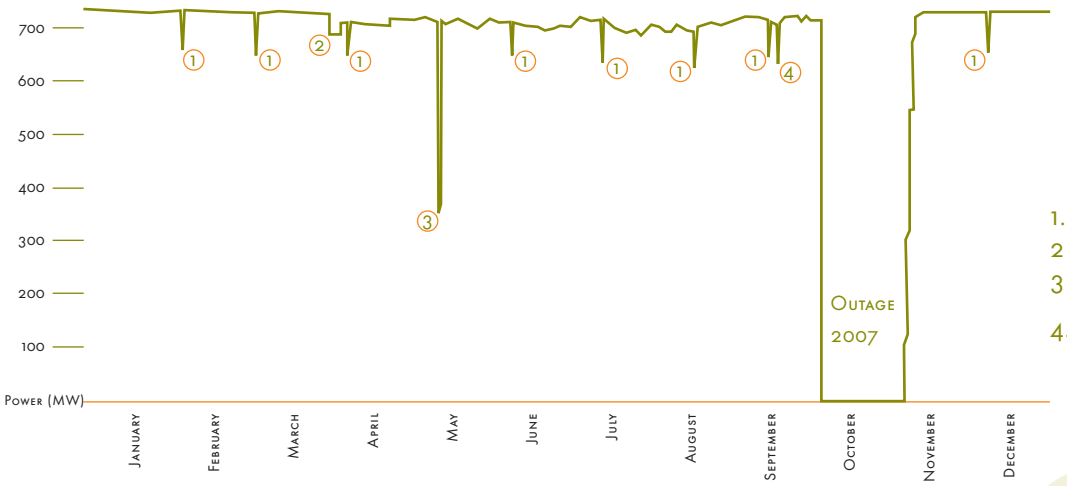
The results of all inspections by non-destructive methods showed that the integrity of pressure boundaries was intact, as not a single indication of degradation due to operation was found.

Following the inspection programme of secondary system components for signs of erosion and corrosion, their state was found to require no special corrective measures.

Other maintenance work was carried out on-line as determined in the programme of planned activities. During this operation there were no major or important corrective actions which significantly affected the safety or availability of the power plant.

MAJOR MAINTENANCE ACTIVITIES AND INSPECTION OF PRESSURE BOUNDARIES

OUTPUT IN 2007



Gross energy produced: 5,695,020.1 MWh

Net energy produced: 5,428,193.2 MWh

Availability factor: 91.2 %

Capacity factor: 93.0 %

1. Turbine valves test
2. Condensate pump failure
3. CY pumps motor bearings cooling modification
4. Lower power operation due to increase of flow and debris in the Sava river

In 2007, the total output of NEK at the generator outlet was 5,695 GWh of gross electricity or 5,428.2 GWh net electrical power. The annual output was thus 1.84 percent higher than the planned 5,330 GWh.

The year 2007 was very successful in view of both operational safety and reliability. The operation was stable; there were no unplanned power reductions nor unplanned plant shutdowns the whole year. The only planned reduction of power was in May when the condensate pump motor bearing cooling system was modified.

PERFORMANCE





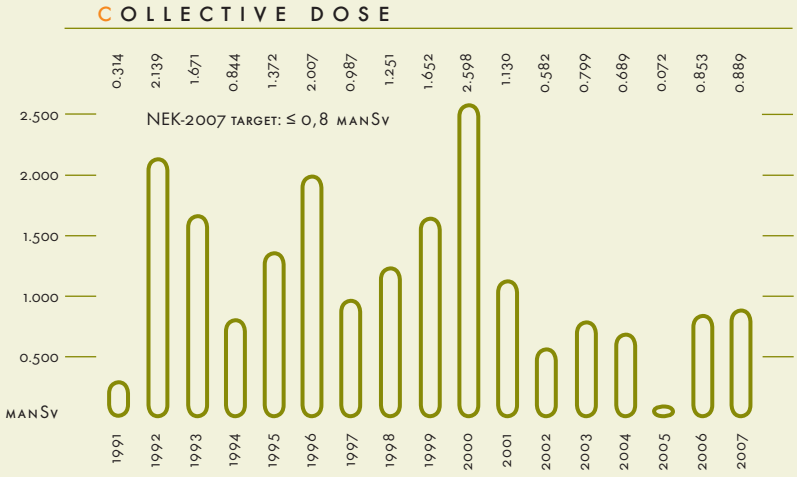

05.10 Outage

The outage began on 6th October 2007 when the plant was disconnected from the 400-KV electric system and the reactor shut down. This ended the 22nd fuel cycle in which NEK generated 8,716.6 GWh gross electrical power at the generator outlet or 8,309.7 GWh net electricity. During the 22nd cycle NEK was in operation for 510 days, which is the longest uninterrupted period in the plant's history. After the outage the plant was reconnected to the electrical power grid on 7th November or 32 days after the beginning of the outage. Under the organisation of NEK, the outage was carried out by more than 700 Slovenian and foreign specialized workers and, on the part of URSJV, by organizations authorized to oversee the outage. The scope of work involved in the outage was complex in view of maintenance activities and technological upgrading. In addition to the replacement of 53 fuel elements out of the total of 121, several other interventions were carried out, including: a visual and ultrasonic inspection of the integrity of all fuel elements, generator overhaul, containment integrated leak rate test at designed pressure, inspection of reactor vessel head penetration by the eddy current method, and external visual inspection of reactor vessel head, internal inspection of secondary sides of both stream generators for damaged and missing parts, and the measurement of secondary side tube thickness by the ultrasonic method.

As a part of the permanent technological upgrading strategy several modifications were carried out including improvements, additions and upgrading of equipment and technological systems of the power plant. These activities stem from the company's own initiatives and needs as well as the trends in world practice related to nuclear technology.

In order to ensure such an extensive programme, relevant training of NEK's and subcontractors' managers and coordinators was carried our prior to the commencement of the outage. Special attention was paid to ensuring the safe working environment concerning radioactive protection, safety and health at work, fire safety, foreign material exclusion and radioactive waste reprocessing. Due to the large scale of crane handling activities in individual buildings, a prior crane handling coordination plan was specially prepared.

Performance Indicators of the World Association of Nuclear Operators prove that we achieved the majority of targets of the industry for 2010. The total collective dose was very close to the target value; this could not be reached as radiation received by the workers during the outage was greater than the average of previous years. In this respect, the fact that the scope of work was above average should be taken into account. The replacement of thermal insulation and sump screens in the containment alone contributed to the collective dose by more than 40 percent.



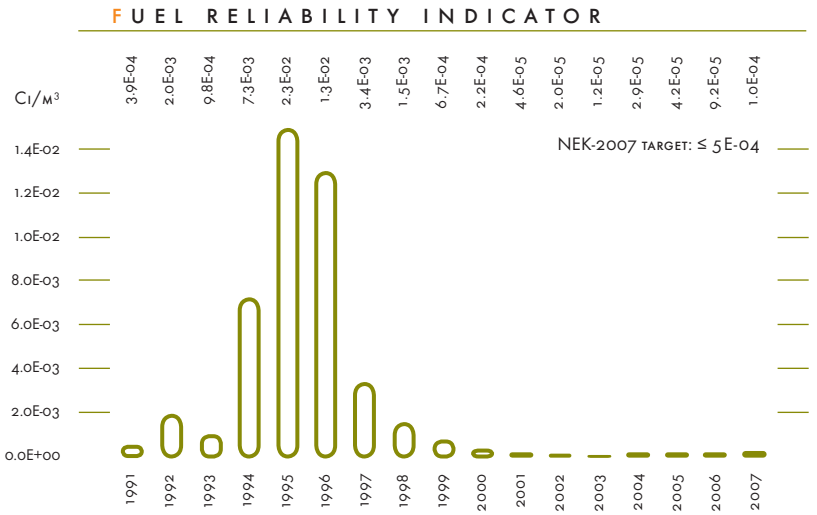
Special activities of the outage included: replacement of sump screens in the containment, replacement of thermal insulation at lower elevations of the containment, inspection of the internal structure of the steam generator secondary side, containment integrated leak rate test (ILRT), replacement of moisture separator reheaters (MSR), replacement of six feed-water heat exchangers, continuation of preventive replacement of part of the secondary piping, a major overhaul of the main electric generator, installation of a new RCP motor, replacement of cleaning filters in the circulating water (CW) system, and over 20 additional modifications in the technological part of the power plant.

A short outage necessitates detailed planning, organisation and preparation on the part of NEK, and very high expertise and thorough prior preparation on the part of subcontractors.

Shutdown safety was secured by current regular processes and procedures and by meeting the requirements of technical specifications.

Further improvements were made in work processes, in particular concerning foreign material exclusion, safety at work, and limitation of staff exposure to radiation. The practice of wearing protective equipment and/or clothing was strictly followed (e.g. wearing protective goggles in the entire area of elevation Nos. 107 and 115 in the turbine building), new alternatives were found and used (e.g. spectacles, protection of hearing, etc.), dirt and dust were prevented from spreading, equipment sensitive to dust was additionally protected, and bases for further improvements were laid. ALARA planning ensured radiologically safe practices.

The planed scope of equipment surveillance was completed as well as the in-service inspection programme and checks of reactor vessel head penetrations; these activities confirmed a still acceptable status; however, the need for reactor vessel head replacement in 2012 proved again to be necessary.



05.20 Nuclear fuel

The specific activity of the primary coolant and its contamination were below the required levels in 2007. As the defects on the fuel element cladding were relatively low in cycle 22, and the radionuclide release from the fuel elements is very small, the fuel reliability indicator (FRI) for 2007 was good as its value was less than 5E-4 µCi/g. The prescribed limit is at the same time the target of the industrial INPO standard, which has been met by the power plant for more than seven consecutive years. After the refuelling in 2007, the reactor core for cycle 23 consists of all completely inspected and undamaged nuclear fuel elements. Fifty-three fuel elements were replaced during the outage.

05.30 Service and equipment purchasing

In support of the successful operation and power plant upgrades, services and goods in the total value of 111 million EUR were purchased.

Further collaboration with highly qualified and reputable business partners from Croatia and Slovenia is an important contribution to safe and reliable power plant operation.

Several agreements on long-term cooperation were signed, implementing the mechanism of remunerating according to achievements, and quality and development.

Disused or old replaced components were sold (tube insulation, diesel generator, crane track, motor cars, etc.).

Contracts for upgrading, continuous and outage services, process chemicals and MIN-MAX store goods were concluded successfully and in time. In the same way contracts were concluded for annual services which ensure smooth and uninterrupted operation of the power plant (measurements, system maintenance, reporting, analyses, etc.).

The long-term contract for the supply of enriched uranium product brought considerable savings in 2007 as the market prices are significantly higher.

Our reporting obligations related to the European nuclear legislation, such as acquiring licences, certificates, checking, and recording and reporting about the EU supplies were carried out regularly and by set deadlines.

06.10
Experience of others – guidance for our work

At NEK we are aware of the importance of joining international organisations and the international control of our operations. It is the only way to achieve internationally comparable operating and safety results.

WANO

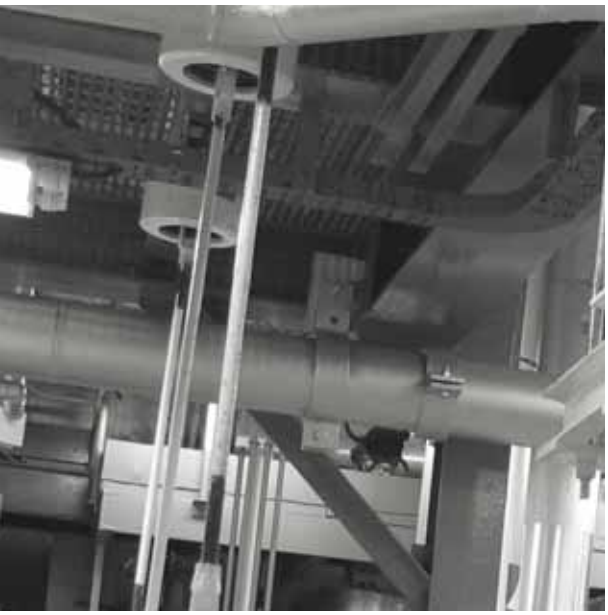
NEK joined the World Association of Nuclear Operators (WANO) as early as 1989. Its aim is to promote the highest standards of operational safety, availability and excellence of nuclear power plants. WANO supports several programmes for sharing information and the promotion of communication, mutual comparison and copying of good practice and solutions among its members.

INPO

From as early as 1988 NEK has been a member of the Institute of Nuclear Power Operations (INPO) in the USA. Its primary objective is to increase the level of nuclear power plant safety and reliability. All US organizations that operate nuclear power plants are INPO members. Its membership extends both to nuclear operating organizations in other countries, as well as to the manufacturers and designers of nuclear facilities.

INTERNATIONAL COOPERATION






IAEA

The International Atomic Energy Agency (IAEA) is an independent intergovernmental organisation that operates within the United Nations Organisation. Its primary objective is to help members in planning and using nuclear technology for various peaceful purposes. These include electricity generation and technology / know-how transfer in the field. The IAEA develops safety standards that promote achievement of a high level of safety in the use of nuclear energy and in protection of the population from ionising radiation. The organisation operates on the basis of various programmes such as control over nuclear material, nuclear technology application, nuclear energy, nuclear safety and technical cooperation. As part of these programmes, the IAEA organises OSART (Operational Safety Review Team) missions which involve visiting power plants in order to inspect and assess their operational safety.

NEK has been actively cooperating with the IAEA for many years. So far we have hosted three OSART missions and several other missions. The IAEA inspectors who control nuclear fuel visit us on a regular basis.

NUMEX

For over ten years, NEK has been a member of the NUMEX organisation (Nuclear Maintenance Experience Exchange) engaged in the exchange of experience in the sphere of nuclear power plant maintenance.

EPRI

EPRI – the Electrical Power Research Institute – is a non-profit making and independent organisation for research in the area of electricity production and the protection of the environment. It was established in 1973 in support of the development of the electrical industry. The Institute currently covers all aspects of production, transmission and use of electricity.

NRC

The NRC (Nuclear Regulatory Commission) is an independent agency in the USA in charge of safety and protection of the population against the effects of radiation from nuclear material, reactors and facilities for processing nuclear material. Together with the Slovenian Nuclear Safety Administration (URSJV) and the Jožef Stefan Institute (IJS), NEK is a member of a number of programmes which give access to information and literature on various relevant fields.

PWROG

PWROG (Pressurized Water Reactor Owners Group) is the association of all Westinghouse customers and the Westinghouse company itself. The organisation offers various programmes related to equipment improvement, optimisation of technical specifications, reducing the number of unplanned shutdowns, increasing the power of power plants, simplifying power plant systems, manufacture and use of nuclear fuel, performing analyses by using state-of-the-art programmes and analytical methods, etc.

We have had a representative in the Paris Centre since 2004 who is WANO Peer Review Programme Manager.

NEK has had an active part in WANO and INPO for several years. We have had three missions of WANO Peer Review so far while our representatives took part in 25 such missions world-wide. Within the framework of Technical Assistance Missions NEK has received 24 such missions covering all activities of the plant. Our representatives regularly take part in specialist training programmes organised by these organisations.

06.20 NEK ACTIVITIES IN 2007

The President of the NEK Management Board chairs the Governing Board of the WANO Paris Centre, made up of representatives of all member countries of the Centre.

As part of the cooperation with WANO we received in 2007 the WANO Peer Review mission. Due to excellent results our plant has become a model plant for other nuclear facilities and a source of good experience in different fields of work. In line with this and within the WANO organisation, NEK was visited by French nuclear operator (EDF) on the topic of Human Performance Tools and Fire Hazard.

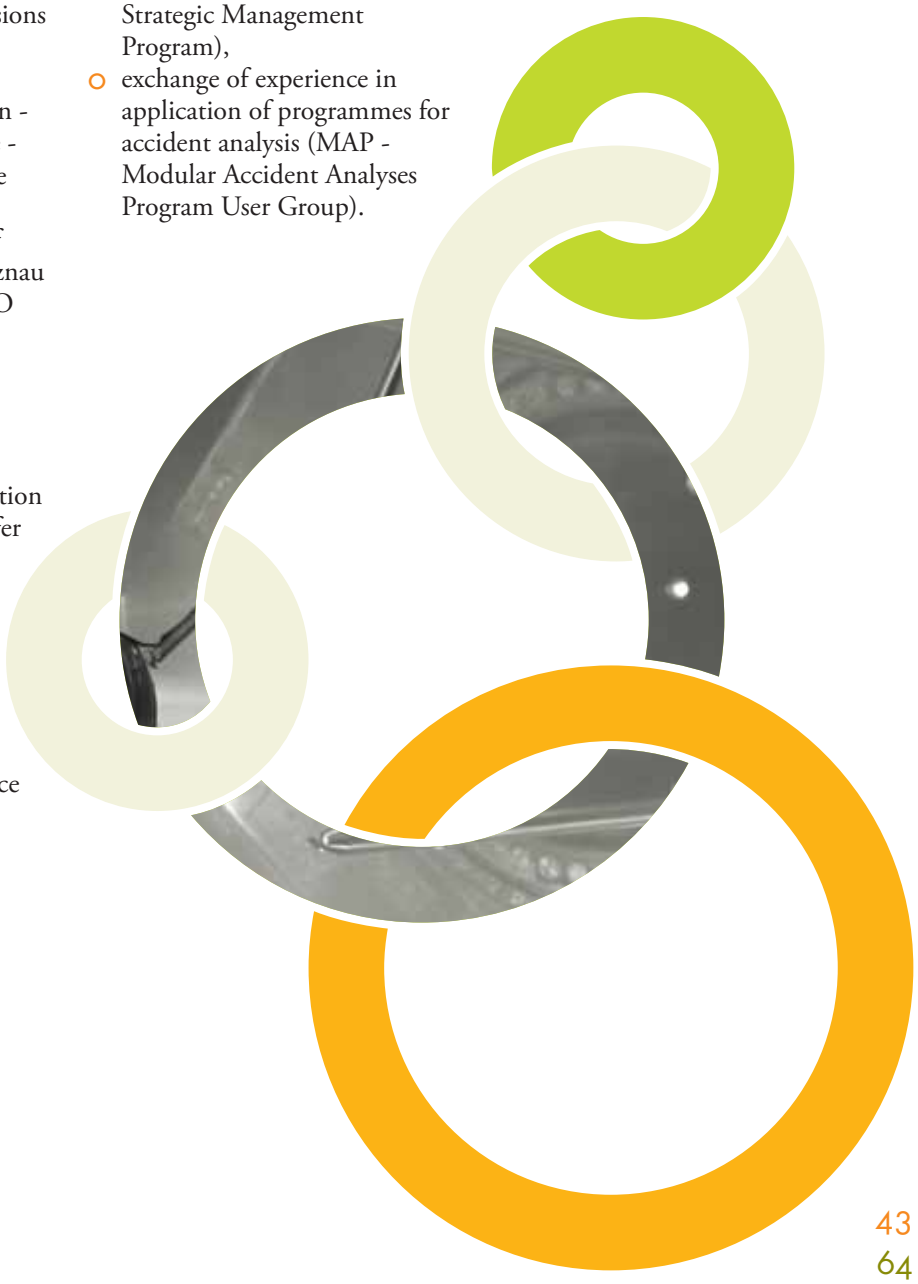
Our representatives participated in international Peer Review missions at the following facilities: Gundremmingen, Germany - training, Sizewell, Great Britain - engineering, and Penly, France - production. Our representative also took part in the implementation verification of measures recommended to Beznau facility, Switzerland, by WANO Peer Review mission.

Within Technical Assistance Missions our representatives took part in 2007 missions concerning radiological protection (Unterweser, Germany), transfer of operating experience (British Energy, Great Britain), and reduced operational risk (Dungeness B, Great Britain). They also paid a visit to VC Summer in the USA and familiarized themselves with their experience in the field of chemistry.

NEK plays an active role in some major activities of EPRI, including:

- equipment maintenance in nuclear power plants - NMAC (Nuclear Maintenance Application Centre)
- improvement, procurement and qualification of equipment (PSE - Plant Support Engineering),
- monitoring and analysis of steam generator application (Steam Generators Strategic Management Program),
- exchange of experience in application of programmes for accident analysis (MAP - Modular Accident Analyses Program User Group).

Our plant participated in the PWROG annual conference, which is specially organised for nuclear power plants in European countries. As a member of NUMEX organisation, NEK takes an active part in the exchange of experience concerning maintenance.



07.10
Personnel training

As in previous years, the professional training programmes in 2007 were prepared and carried out to sustain a high degree of personnel expertise and skill to ensure safe and reliable power plant operation.

These programmes were prepared and executed within the activities of the Professional Training and other organisational units, and partly in collaboration with external institutions, both national and foreign.

The NEK personnel training was carried out in accordance with approved programmes and the annual plan, defined on the basis of the needs established in collaboration with heads of individual organisational units.

07.20
Training of operating personnel

Professional training programmes for operating personnel in 2007 were prepared in line with applicable legislation, internal procedures and the two-year plan. The initial training of licensed personnel continued in 2007. The theoretical fundamental part was completed; this was followed by on-the-job training in the technological plant and systems and plant operation. The initial training programme is to be continued in 2008 with training on the full-scope simulator, on-the-job training in the control room and the final test.

Continuous professional training of licensed personnel was conducted in accordance with the two-year plan, the relevant legislation and NEK in-house procedures. The annual training was executed in four weekly sessions. It was attended by all operating teams and other licensed personnel. The training was conducted through classes and full-scope simulator scenarios. In the final annual session, seventeen candidates successfully passed exams for licence renewal, of which four were for reactor operator, seven for senior reactor operator and six for shift engineer.

The exams, involving written, practical and oral parts, were carried out by a panel of assessors, consisting of the official examination board members with URSJV, the Production Management Department and the Professional Training instructors.

The ongoing professional training for equipment operators proceeded in parallel with the training for licensed personnel in four weekly training sessions. The programme focused on hands-on training by using system operation procedures and other material which facilitate the refreshing and upgrading of knowledge and skills. Part of the training was carried out together with licensed personnel, as the equipment operators participated in some of the lectures and scenarios on the simulator. We continued with practical training which took place in the technological facility or in the classroom which was actively linked with the full-scope simulator.

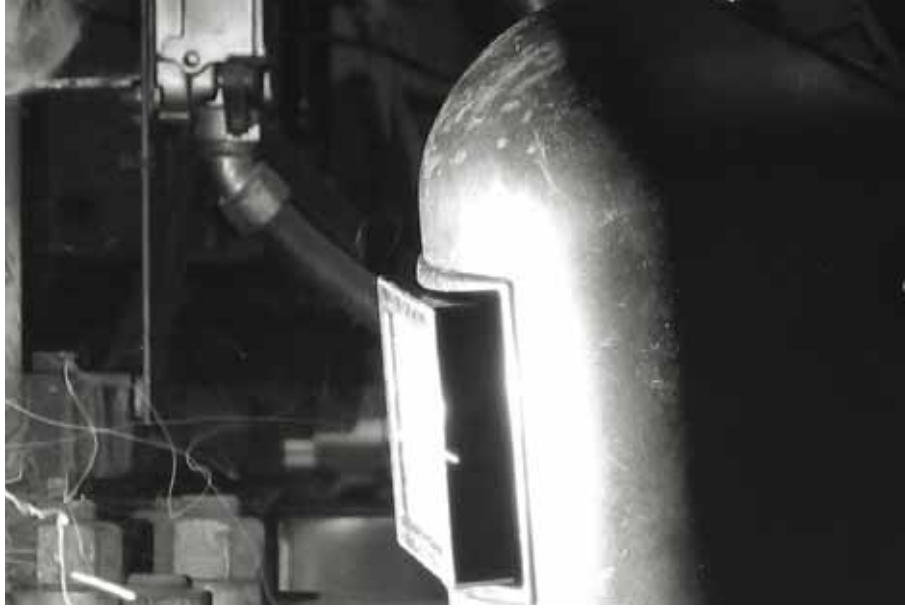
The operating personnel also attended training for the personnel in charge of fuel handling and replacement which aimed at preparing all participants for safe and quality implementation of this important activity.

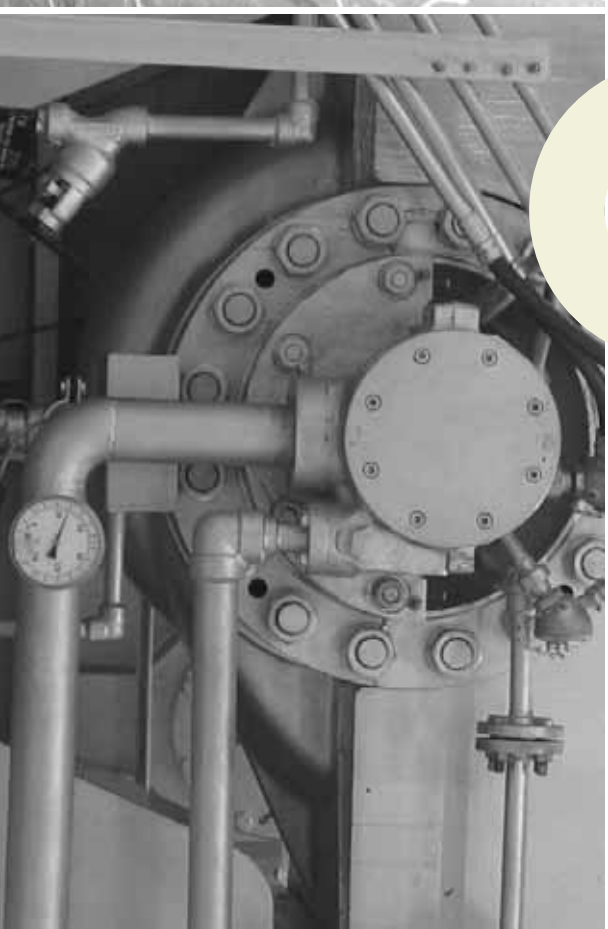
07.30 Training for personnel in maintenance and other support functions

The professional training of technical personnel includes courses in which the aim is for candidates to acquire or refresh the legally required general and specialist skills needed for performing maintenance and support functions.

Within the framework of initial training for technical personnel, a course in the fundamentals of nuclear power plant technology was carried out in 2007 in collaboration with the Training Centre for Nuclear Technology of IJS. The course was conducted in two parts - in the initial four weeks theoretical fundamentals were covered, while the following four weeks were on systems and operations of the power plant.

As regards training of maintenance personnel, the programmes of specialist and legally required training, which were prepared on the basis of matrices of required skills, were continued in 2007. Some courses were conducted in cooperation with external institutions, partly abroad and partly in the Maintenance Personnel Training Centre in NEK. Some practical training was also implemented during preventive maintenance of equipment. The preparation and implementation of professional training of maintenance personnel involved, in addition to Professional Training staff, engineers and specialist technicians of the various maintenance departments. Pre-outage specialist courses were extended in scope and were carried out to prepare mixed teams of in-house and external workers for quality execution of maintenance tasks during the outage.



SA 24119
PI3435 ISOLATION VALVE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PI3435 ISOLATION VALVE

Within the framework of the refreshment of general and legally prescribed skills, the maintenance personnel were updated on power plant processes and systems and operational experience.

07.40 Implementation of other legally prescribed and general training

The implementation of established programmes of initial and refresher courses related to legally prescribed skills, such as safety and health at work, fire protection, dangerous substances, emergency planning, first aid, work in explosion and electrically-endangered premises were continued. The initial and refresher training in radiation protection was continued according to legal requirements concerning protection against radiation. At the end of the year a drill related to organisational measures required in case of an emergency event was carried out by using the full-scope simulator.

In addition to the above mentioned courses, NEK also carried out many training sessions for other departments within the power plant, intended to update the staff on new legislation, introduce innovations in the area of production processes, and continued with general courses in the areas of computer literacy and foreign languages.

Prior to the regular outage, external contractors were trained in various courses. The purpose of these courses was to prepare them for safe work, acquaint them with the basic rules to be observed in NEK and carry out legally prescribed training.

Courses in general employee training, team leader training of external contractors and radiation protection were carried out.

SUMMARY OF THE 2007 FINANCIAL REPORT

In accordance with the Companies Act and the Articles of Association of NEK, a summary of the Financial Report, which is part of the Annual Report of NEK for 2007, is given below. The summary includes the main characteristics of operations in 2007 and a condensed version of the fundamental financial statements. The full fundamental financial statements are presented in the Annual Report of NEK for 2007 prepared in accordance with the Agreement concluded between the Government of the Republic of Slovenia and the Government of the Republic of Croatia on regulating the status and other legal issues related to investments in the Krško Nuclear Power Plant, its utilisation and decommissioning (Intergovernmental Agreement), the Articles of Association of NEK, the Companies Act and Slovenian accounting standards (SAS).

The Annual Report of NEK for 2007 was submitted to the organisation authorised to process and publish the data the day after it had been accepted at NEK's General Meeting, and is published on its website.

In 2007 the plant performed successfully and all economic objectives set in the plan were achieved. Our two partners were supplied with 5,428 GWh of electricity, which is 98 GWh more than planned, at a competitive price which was slightly lower than planned.

The revenue in 2007 amounted to a total of € 129,634 thousand. The majority of this revenue was from electricity supplied to the partners, while the revenue from auxiliary activities and the sale of unserviceable assets of NEK was the smaller portion of operating revenues. In addition, unplanned financial revenue was generated from the interest on deposits made to banks and the revaluation of receivables and debts to preserve their value.

Auditor's Report for Public Reporting Purposes

We have audited the financial statements of the company Nuklearna elektrarna Krško d.o.o. and the related notes for the financial year ended 31 December 2007, in accordance with International Standards on Auditing, on which the summaries of financial statements are based. In our report dated 31 March 2008, we have issued the opinion that the financial statements and the related notes on which the summaries of financial statements are based, give a true and fair view of the financial position of the Company as of 31 December 2007, the results of its operations, its cash flows for the year then ended in conformity with the International Contract entered into between the Republic of Croatia and the Republic of Slovenia, and in conformity with Slovenian Accounting Standards issued by Slovenian Institute of Auditors.

In our opinion, the attached summaries of the financial statements comply, in all material aspects, with the financial statements from which they originate.

For a better understanding of the financial situation of the Company as of 31 December 2007, the results of its operations, its cash flows for the year then ended, and the scope of our audit, it is necessary to read the summaries of the financial statements together with the financial statements from which they originate and with our Auditor's Report on these financial statements.

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Vera Menard, B.Sc.Ec.
Certified Auditor

Marjan Mahnič, B.Sc.Ec.
Certified Auditor
Partner

KPMG Slovenija, d.o.o.

Ljubljana, 1 April 2008

Expenses in 2007 amounted to € 129,567 thousand. The largest share in their structure consists of costs of services and consumption of materials excluding nuclear fuel (30%), depreciation costs (23%), labour costs (21%) and nuclear fuel costs (14%).

The net profit generated in 2007 thus amounted to € 67,000 and will be used to cover the retained net loss which was, on the adoption of Slovenian Accounting Standards (SAS) 2006, presented in the item of provisions which is now obligatory under SAS.

Long-term debts were additionally reduced as planned. The value of inventories is lower than planned. Investments were carried out at a faster rate than the 2007 plan.

Another important financial function is undoubtedly the insurance of business activities against various kinds of financial risk. In 2007 the dollar liabilities were protected by forward contracts amounting to a total of US$ 15 million. In addition, taking into account the growth trend of the reference interest rate, the variable interest rate of long-term loans was fixed with an interest rate swap instrument.

The financial position of NEK is satisfactory. Long-term resources cover all long-term assets and also all inventories. Business results are also demonstrated by the concise basic financial statements for 2007. These statements should be read together with the clarifications, which are, as mentioned, given in detail in the Annual Report of NEK for 2007.

08.20
Financial statements

BALANCE SHEET AS AT 31 DECEMBER 2007

		IN THOUSAND EUR
BALANCE SHEET	31. 12. 2007	31. 12. 2006
ASSETS		
A. LONG-TERM ASSETS	437,048	441,463
Tangible fixed assets	435,283	439,505
Investment property	714	759
Long-term financial investments	738	886
Long-term operating receivables	313	313
B. CURRENT ASSETS	86,257	86,627
Inventories	65,803	40,594
Short-term financial investments	4,192	25,827
Short-term operating receivables	16,240	20,176
Cash	22	30
C. SHORT-TERM DEFERRED EXPENSES AND ACCRUED REVENUE	250	226
TOTAL ASSETS	523,555	528,316
Off-balance sheet assets	9,880	6,932

		IN THOUSAND EUR
BALANCE SHEET	31. 12. 2007	31. 12. 2006
EQUITY AND LIABILITIES		
A. EQUITY	439,515	439,448
Called-up capital	353,545	353,545
Revenue reserves	88,675	88,675
Retained earnings	(2,772)	(3,032)
Net profit or loss for the financial year	67	260
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	4,577	4,226
Provisions for jubilee benefits and termination benefits	3,629	3,238
Other provisions	948	988
C. LONG-TERM LIABILITIES	46,568	53,227
Long-term financial liabilities to banks	46,215	52,862
Long-term operating liabilities	353	365
Č. SHORT-TERM LIABILITIES	32,635	31,255
Short-term financial liabilities to banks	6,647	6,647
Short-term operating liabilities	25,988	24,608
D. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE	260	160
TOTAL EQUITY AND LIABILITIES	523,555	528,316
Off-balance sheet liabilities	9,880	6,932

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

IN THOUSAND EUR

INCOME STATEMENT	2007	2006
I. OPERATING REVENUE	129,120	118,382
II. OPERATING EXPENSES	126,464	116,201
III. OPERATING PROFIT OR LOSS FROM OPERATIONS (I – II)	2,656	2,181
IV. FINANCIAL REVENUE	514	670
V. FINANCIAL EXPENSES	3,103	2,591
VI. OPERATING PROFIT OR LOSS FROM FINANCING (IV – V)	(2,589)	(1,921)
VII. OPERATING PROFIT OR LOSS FOR THE PERIOD (III + VI)	67	260
VIII. CORPORATE INCOME TAX	-	-
IX. NET OPERATING PROFIT OR LOSS FOR THE PERIOD (VII – VIII)	67	260

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31 DECEMBER 2007

IN THOUSAND EUR

CASH FLOW STATEMENT	2007	2006
I. CASH FLOWS FROM OPERATING ACTIVITIES		
1. Cash receipts from operating activities	148,920	136,041
2. Cash disbursements from operating activities	130,704	99,749
3. Net cash from operating activities (1 – 2)	18,216	36,292
II. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Cash receipts from investing activities	21,959	399
2. Cash disbursements from investing activities	30,792	27,524
3. Net cash from financing activities (1 – 2)	(8,833)	(27,125)
III. CASH FLOW FROM FINANCING ACTIVITIES		
1. Cash receipts from financing activities	40,399	2,462
2. Cash disbursements from financing activities	49,790	11,612
3. Net cash from financing activities (1 – 2)	(9,391)	(9,150)
IV. CLOSING BALANCE OF CASH (VI + V)	22	30
V. Net cash inflow or outflow for the period	(8)	17
+		
VI. Opening balance of cash	30	13

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS 2007 AND 2006

IN THOUSAND EUR

EQUITY COMPONENTS	CALLED-UP CAPITAL	REVENUE RESERVES			RETAINED EARNINGS	NET PROFIT OR LOSS FOR THE FINANCIAL YEAR	TOTAL EQUITY
	CALLED-UP CAPITAL	LEGAL RESERVES	STATUTORY RESERVES	RETAINED NET PROFIT	RETAINED NET LOSS	NET PROFIT	
OPENING BALANCE AS AT 1. 1. 2007	353,545	35,354	53,321	260	(3,032)	-	439,448
MOVEMENTS TO EQUITY	-	-	-	-	-	67	67
MOVEMENTS WITHIN EQUITY	-	-	-	(260)	260	-	0
ALLOCATION OF NET PROFITS BASED ON THE RESOLUTION OF THE MANAGEMENT AND THE SUPERVISORY BOARD	-	-	-	(260)	260	-	0
CLOSING BALANCE AS AT 31. 12. 2007	353,545	35,354	53,321	0	(2,772)	67	439,515
OPENING BALANCE AS AT 1. 1. 2006	353,545	35,354	53,321	-	(3,032)		439,188
MOVEMENTS TO EQUITY	-	-	-	-	-	260	260
MOVEMENTS WITHIN EQUITY	-	-	-	-	-	-	-
CLOSING BALANCE AS AT 31. 12. 2006	353,545	35,354	53,321		(3,032)	260	439,448

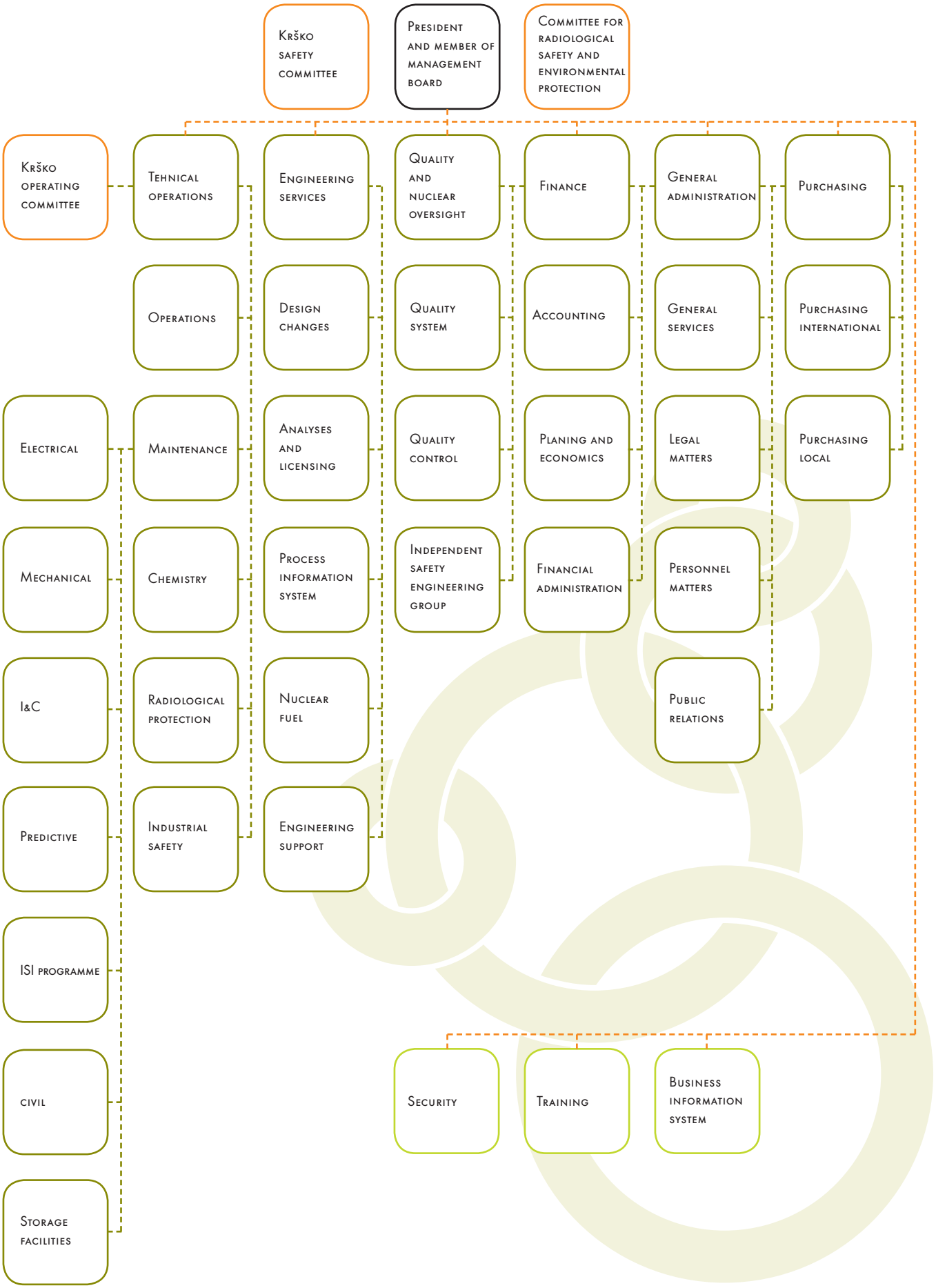
In accordance with the Agreement concluded between the Government of the Republic of Slovenia and the Government of the Republic of Croatia on regulating the status and other legal issues related to investments in the Krško Nuclear Power Plant, its utilisation and decommissioning, and the Articles of Association, both having entered into force on 11 March 2003, NEK is organised as a limited liability company. The bodies of the company, having parity membership, are the General Assembly, the Supervisory Board and the Management Board.

The equity capital of NEK is divided into two equal business shares owned by the members GEN energija, d.o.o., Krško and Hrvatska elektroprivreda d.d., Zagreb. NEK generates and supplies electricity exclusively for the members; it is their right and obligation to take 50 percent of the total available capacity and net electric power.

At the end of 2007 there were 573 employees in NEK, of which more than one third had higher, high or university education. The process of generation change is still continuing, through the process of staff retirement by those who are now leaving after being employed since the plant construction or at the start of plant operation. The annual exit turnover is between three and five percent. The newly recruited staff is being introduced through training and the programmed process of knowledge and experience transfer in particular for operations, maintenance and engineering.

COMPANY ORGANISATION

09.10 Organigram

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ALARA	As Low As Reasonably Achievable
ASME	American Society of Mechanical Engineers
CFR	US Code of Federal Regulations
CW	Circulating Water
EDF	Électricité de France
EPRI	Electrical Power Research Institute
EU	European Union
EUP	Enriched Uranium Product
FRI	Fuel Reliability Indicator
HD	Heater Drain
IAEA	International Atomic Energy Agency
IJS	Inštitut Jožef Stefan /Jožef Stefan Institute/
INPO	Institute for Nuclear Power Operations
MAAP	Modular Accident Analyses Program User Group
MSR	Moisture Separator Reheater
NEK	Nuklearna elektrarna Krško /Krško Nuclear Power Plant/
NMAC	Nuclear Maintenance Applications Center
NRC	Nuclear Regulatory Commission
NUMEX	Nuclear Maintenance Experience Exchange
OSART	Operational Safety And Review Team
PSE	Plant Support Engineering
PWROG	Pressurized Water Reactor Owners Group
RCP	Reactor Coolant Pump
SRS	Slovenski računovodski standard /Slovenian Accounting Standards/
URSJV	Uprava Republike Slovenije za jedrsko varnost /Slovenian Nuclear Safety Administration/
WANO	World Association of Nuclear Operators
ZGD	Zakon o gospodarskih družbah /Companies Act/

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