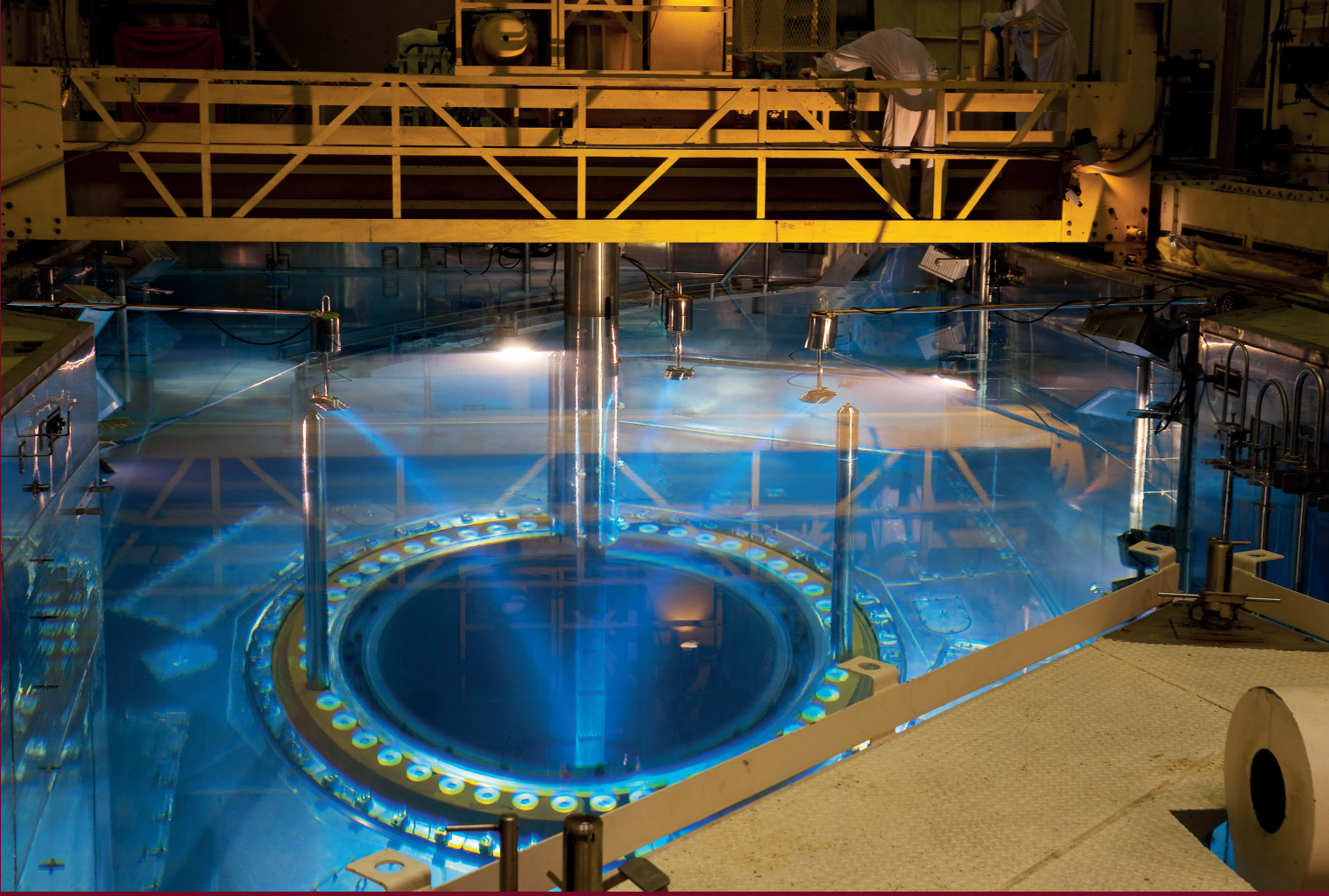

ANNUAL REPORT

KRŠKO NUCLEAR POWER PLANT

2015

Krško Nuclear Power Plant

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ADDRESS BY THE MANAGEMENT BOARD

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BY THE
MANAGEMENT
BOARD

Dear reader,

When we look back at the 326-day period of operation of Krško Nuclear Power Plant, we look back at a period without any automatic shutdowns and a period of stable operations in which we, as one of the most competitive electric power generating companies in Slovenia with non-carbon technology, exceeded the planned output and certain safety indicators which give confidence globally.

Another labour-intensive period is behind us, full of technological challenges. In spring, we successfully brought to completion our outage thus ensuring safe and reliable operations of the 28th fuel cycle. All planned preventive maintenance activities were completed as well as refuelling and 24 technological upgradings. Among the most demanding was the redirection of the water flow through the reactor vessel which will ensure cooling flow stability and nuclear fuel immaculate integrity.

A major technical challenge which marked the past business year was intensive implementation of a wide-ranging Safety Upgrade Program which will lead NPP to the route of the future as a modern power generating facility respecting the most recent guidelines in the industry, legal requirements set for long-term operations following lessons learned from operating experience worldwide.

The safety upgrading in 2015 included emergency control room design and intensive upgrading of the nuclear island flood safety to provide additional protection of the engineered safety systems and equipment at otherwise unlikely maximum Sava river flow. Work was started on project documentation for the Operational Support Centre. We also continued carrying out other projects, such as spent fuel pit alternative cooling, the alternative cooling of the reactor cooling system and the containment, and the installation of additional pressure relief valves on the pressurizer to be carried out during the 2016 outage. We started the first phase of the construction of the building for equipment and radioactive waste handling to accommodate the relocation of the radioactive waste treatment equipment and gain additional storage. We are proud of the fact that the majority of projects are being developed based on own key knowledge and an exceptionally solid financial and production basis.

The company was a host to numerous international delegations who visited the power plant on the recommendation of the World Association of Nuclear Operators (WANO); the Association is known to give our plant as an example and good opportunity for the transfer of best practices. Such visits and partnerships testify that our work is an example of excellence at a global level, which is our vision.

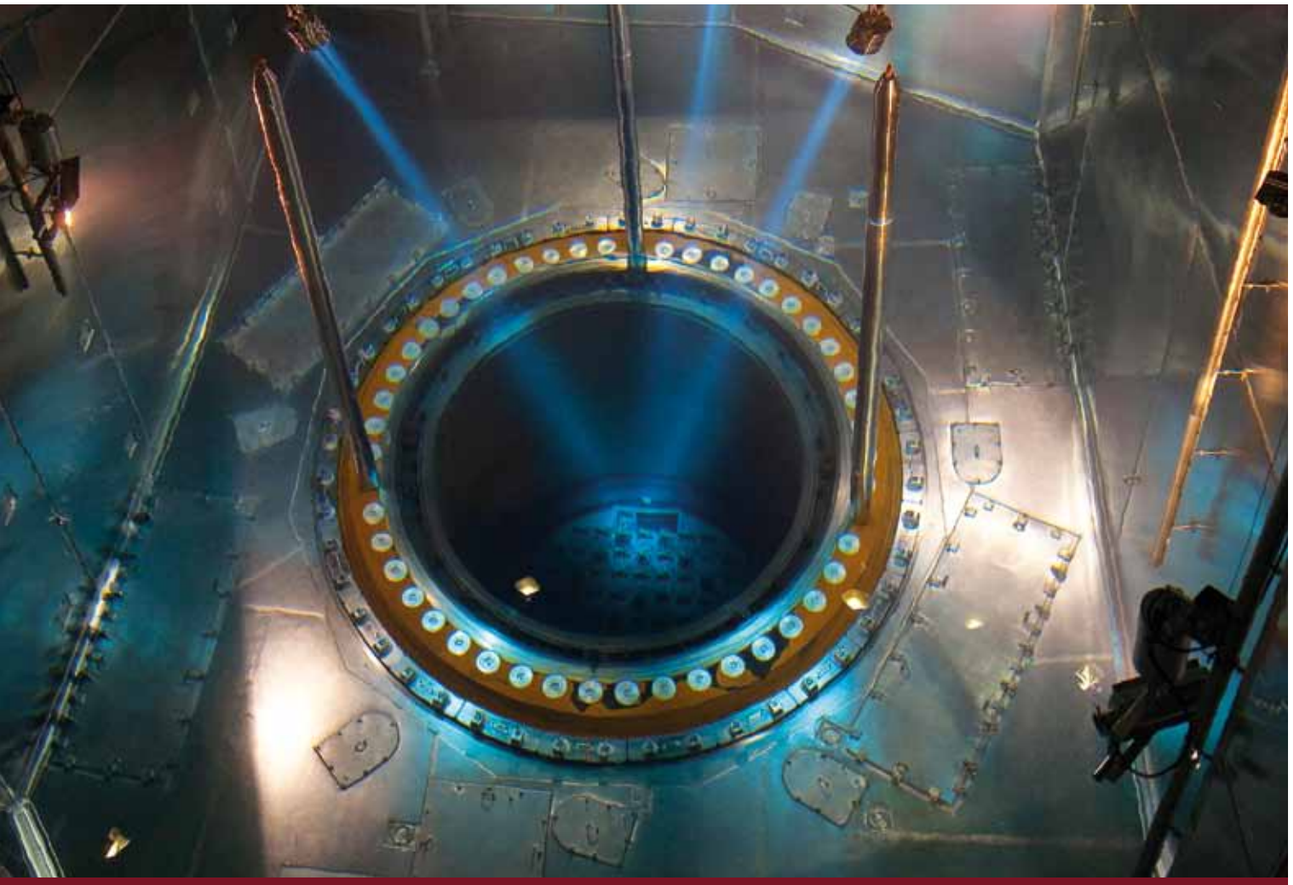
All the results reflect ongoing and systematic work and investment in all areas of technology and organisation, in particular they reflect enthusiasm of all employees. This was assessed by means of a survey conducted last year. The result confirmed a very high level of enthusiasm; according to comparable indicators, these place us among the best worldwide. On such foundation we can reach the most demanding objectives in the future. A key role in the decision making is played by the shareholders' attitude, support, and understanding of our plans. It is our wish that all future decisions continue to be based on fair partnership relationship, which has demonstrated excellent results. These are reflected in the reliability of electric power supply for Slovenia and Croatia, contribution to economic efficiency within the power generation as well as within our industry, and in the reaching of environmental objectives of both countries in relation to environmental norms of the European Community. Year 2015 will also be remembered in the light of the climate agreement with which nuclear energy is gaining in its value since it does not contribute to global warming; therefore, nuclear energy is becoming important also in the light of ensuring a clean environment.

We would like to see good business and operational results continually repeated; with the support of our employees, owners and business associates we believe they will be.

We would like to express our sincere thanks to all who have trust in the Krško Nuclear Power Plant and to all who help us reach and exceed our ambitious business and operational targets. It is hoped that together we will continue to create a stable and mature environment which is so needed and required in the nuclear energy industry.

Stane Rožman,
President of the Management Board

Hrvoje Perharić,
Member of the Management Board



Based on the planned output and high performance indicators, while respecting all administrative limits, we reaffirmed the 2015 successful operations of NPP. Safe and stable plant operations, successful completion of outage activities as planned, technological modernisation and the continuation of the Safety Upgrade Program implementation are our challenges for 2016.

SUMMARY REPORT AND CHALLENGES FOR 2016

SUMMARY REPORT AND CHALLENGES FOR 2016

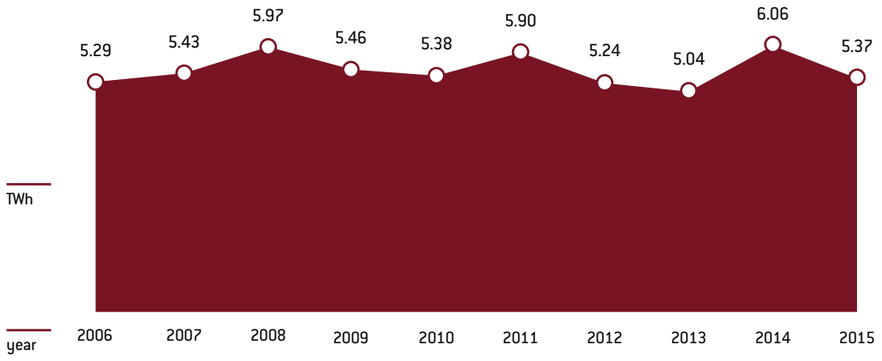
The plant operated safely and stably in 2015. The annual output was 5370 GWh of electric energy, which is almost 0.8 percent more than the planned output figure. In addition to regular outage in April and May 2015, NEK was briefly shutdown in July for the replacement of reactor coolant temperature gauges.

The Safety Upgrade Program (SUP) is being furthered as an administrative requirement by URSJV and our task which will give us an even higher level of robustness and resistance to extreme external and internal events exceeding the original designed bases. The first phase of the SUP was carried out during the 2013 outage; however, the majority of other modifications will be performed during the 2016, 2018 and 2019 outages.

During the 2015 outage, which lasted 36 days, significant upgrading was completed related to the reactor vessel upflow conversion with the aim of removing, on a long-term basis, the cause of fuel element damages caused by vibrations of the coolant cross-flow through reactor baffle gaps. Some other major upgrading was also successfully completed, including the replacement of the voltage regulator DG1, which will be followed by the replacement of DG2 (Outage 2016).

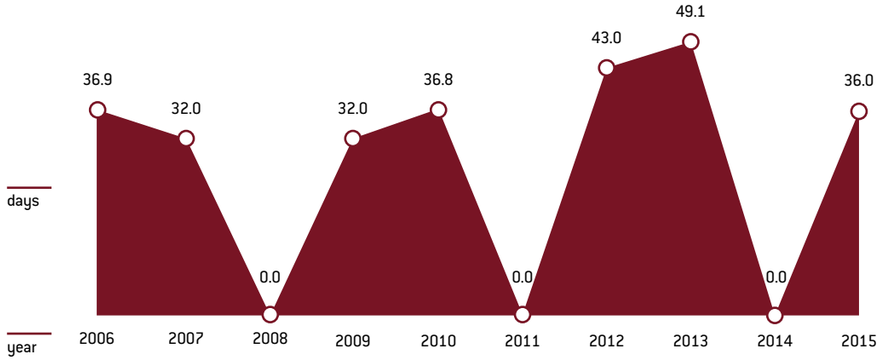
Annual output

Total: 158.17 TWh
(output since the start of commercial operation)
NEK target for 2015: 5.33 TWh

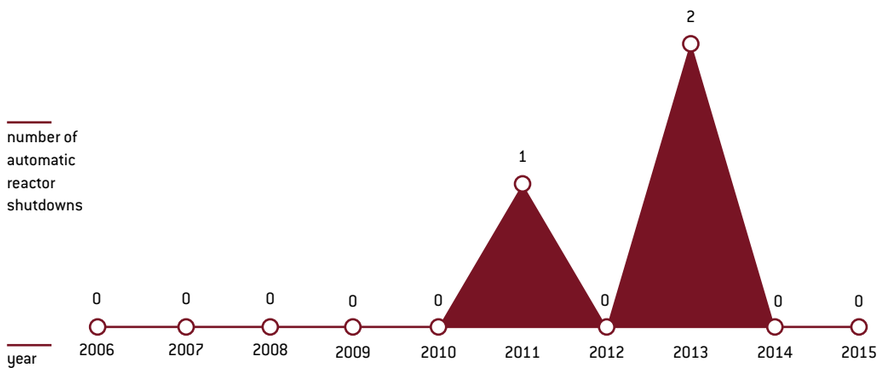


There were no unplanned automatic shutdowns in 2015. The plant's operations were very reliable and stable; all safety indicators were met and all administrative and environmental limitations strictly observed.

Outage duration



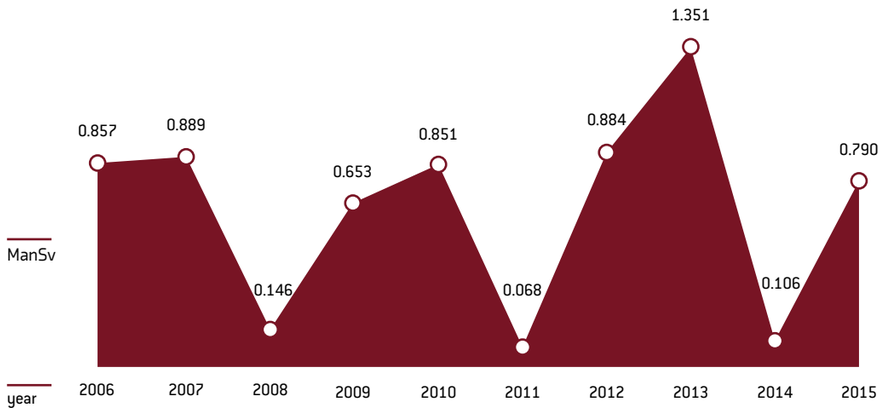
Unplanned automatic shutdowns



In December, a theoretical-practical drill in case of an emergency event was carried out which was participated in by more than 200 partakers and external organisations. The drill proved the suitable readiness of the plant to handle the most extreme situations of an emergency event.

In line with the best practice of industry policy, special attention is paid to observation and coaching of employees by the managerial staff in view of detecting any deviations and taking suitable corrective measures.
In 2015, 330 such observations in all areas were made.

Total collective doses



Krško Nuclear Power Plant generated 5370 GWh of electric energy, which is more than the planned output. Our stable operations co-shaped the stability of the Slovenian and Croatian electric power systems. Additional value to this result is in the fulfilment of performance indicators, high reliability of nuclear fuel and strict observation of all administrative and environmental limitations. The plant is operating within the framework of the accepted business plan. All this reflects on our determination to be a model of nuclear safety and excellence at a global level, as outlined in our vision.

CHALLENGES FOR 2016

The accepted business plan and the five-year investment plan will enable the execution of operational, maintenance and project activities. The lower cost price has resulted in our adjustment to electric energy market conditions. All this represents a solid foundation for us to believe that as a result of good and conscientious work we can expect to reach the planned high level of indicators and the planned output of 5400 GWh of electric energy and that outage work can be done within planned parameters and at a high quality level, thus ensuring conditions for future stable operations.

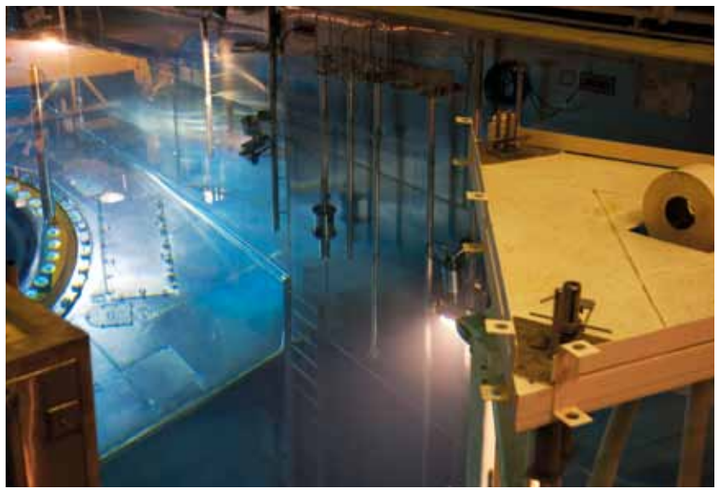
WANO's overall assessment of NPP's operations gave outstanding results.

The fact that Krško NPP was, after last year's extensive safety review by the World Association of Nuclear Operators – WANO, awarded the highest possible total score for exemplary work processes, is great recognition for us and a challenge that we keep this high position after they will have verified the implementation of their recommendations. As permanent improvements in all areas have become part of our mission, we set a target that this year we shall pay special attention to even higher efficiency of employees; for this reason, three areas have been singled out: improvement of human performance, management and coaching, and effectiveness of the Corrective Action Program.

The Inter-State Commission took note of the owners' decision on plant life extension. It is our challenge and responsibility to meet the requirements defined in the operating licence as well as to ensure high availability and competitiveness, including the implementation of the Action Plan after the 10-year periodic review, systematic and complete verification of the plant's nuclear safety level, and continual implementation and improvement of contemporary world safety standards.

Carefully studied modernisations which increase safety, reliability and availability of the plant as well as the Safety Upgrade Program remain a part of our policy. In the field of safety upgrades our special challenge lies in spent fuel storage technology modernisation – spent fuel dry storage.

Maintaining a proactive and competent organisation has become our permanent target. This can be ensured only with highly qualified technical and motivated staff who realise that high targets can be met only by a contribution of each and every individual and only the sum of the individual work of all results in reaching high targets.



Environmental protection is included in all work processes of the plant. The measurement results demonstrate that all effects on the environment are far from administrative limits. Authorised organisations prepare special annual reports on radiation surveillance in the surroundings of the plant. The adequacy of our environmental management was also confirmed by the certification audit of our environmental standard.

01

RESPONSIBLE ATTITUDE TOWARDS THE ENVIRONMENT

01

RESPONSIBLE ATTITUDE TOWARDS THE ENVIRONMENT

The objective of the radiation monitoring is to monitor the plant operations and assess the effects on the environment and the population. This ensures that prescribed limits are respected.

NPP carries out radioactive measurements of the waste water discharges into the Sava River and emissions from the ventilation system into the air. Independently, external authorised organisations measure samples in the surroundings, in particular in the area around NPP within a distance of 12 kilometres. In addition, there are 13 automatic radiation survey stations located in the vicinity of the power plant which can detect changes in the natural radiation due to precipitations as well as potential changes due to the nuclear facility. The Sava River is monitored down-stream for 30 kilometres from the plant by independent authorised organisations.

Environment samples are monitored by 13 survey stations located in the vicinity of NPP.

The effects of the NPP on the population are so low that they are practically immeasurable. However, they can be calculated by models for the most exposed groups of the 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 by a critical 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 has been approximately 1 microsievert or less than 0.1 percent of the dose on average received by a person due to natural sources of radiation (approximately 2,500 microsieverts).
The annual dose for NPP is limited to 50 microsieverts per person (at a distance of 500 m from the reactor or more) from air and water media. The results of measurements taken are dealt with in detail in a special report for 2015, prepared for NPP by the *Jožef Stefan* Institute together with the Institute for Occupational Safety, the *Ruđer Bošković* Institute, and MEIS. The report is published on NPP's website.

LIQUID RADIOACTIVE DISCHARGES

Wastewater may contain fission and activation products. The activity of fission and activation products (excluding tritium H-3, carbon C-14 and alpha particle emitters) amounted to 0.034 percent of the additional annual limit of activity for liquid discharges. The activity of discharged tritium was approximately 36.2 percent of the prescribed annual limit. Tritium is a hydrogen isotope found in water; in spite of being more active than other contaminants, it is less important due to its rapid secretion from the body in the event of an intake.

The plant observed administrative and technical regulations which require that in no discharge of such wastewater may the concentration of radioactivity in the channel exceed the prescribed limits.

Data on liquid radioactive discharges in 2015

RADIOACTIVE SUBSTANCES	ANNUAL LIMIT	PERCENTAGE OF THE LIMIT
FISSION AND ACTIVATION PRODUCTS	100 GBq	0.034%
TRITIUM (H-3)	45 TBq	36.2%

RADIOACTIVE RELEASES INTO THE ATMOSPHERE

The annual dose limit of 50 microsievert is checked monthly for discharges into the air and water, for air in a 500-metre distance from the reactor 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 air rarefaction values and releases near the ground are presumed in the calculation of individual wind directions. The result for 2015 was 0.92 microsieverts (1.83 percent of the annual limit). More detailed data are given in the table below.

Data on radioactive releases into the atmosphere in 2015

RADIOACTIVE SUBSTANCES	TOTAL ANNUAL LIMIT	DOSE	PERCENTAGE OF THE LIMIT
FISSION AND ACTIVATION GASES (TOTAL)		0.154 µSv	
IODINE (I-131 AND OTHERS)		7.78E-03 µSv	
DUST PARTICLES (COBALT, CAESIUM, ETC.)	50 µSv	4.43E-05 µSv	1.83%
TRITIUM (H-3)		0.71 µSv	
CARBON (C-14)		0.0436 µSv	

The plant's technical specifications were taken into account; therefore the current radioactive concentrations in the air/dose rate within a 500-metre distance from the reactor did not exceed the prescribed value.

MEASUREMENTS OF RADIOACTIVE RELEASE AND ENVIRONMENTAL SAMPLES

The laboratory for radioactive protection regularly checks air and environmental samples by an accredited method, thus having fulfilled conditions set by the standard SIST EN ISO/IEC 17025 since 2007, which is checked by a Slovenian accreditation body. The accredited measurements of radioactivity of periodically inspected samples of liquid releases are carried out by the laboratory for radio-chemistry.

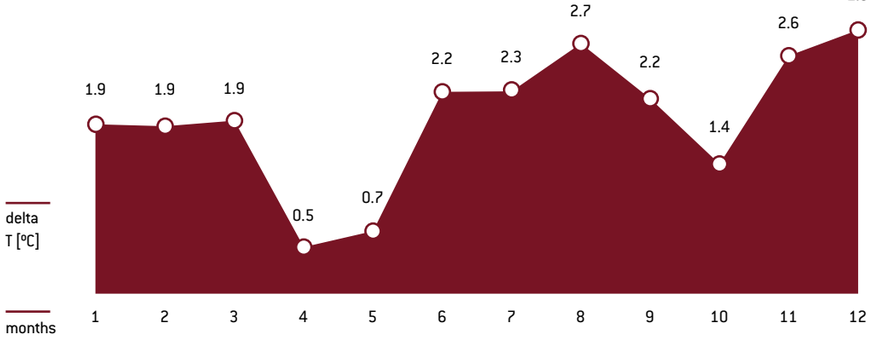
MEASUREMENTS OF THE SAVA RIVER AND GROUNDWATER PARAMETERS

In accordance with the Environmental Permit (OVD) concerning the water emissions and the Water Permit we measured the Sava River temperature and its flow rate, and monitored the river level and the underground flow rates, and made monthly measurements of biological and chemical oxygen consumption.

Due to relatively unfavourable weather conditions, on several occasions the highest permitted temperature level increase of 3°C was reached. During the summer and spring precipitations were poor, which resulted in the low Sava River flow which in turn resulted in an increase in river water temperature due to the plant operations.

Average increase in the Sava River water temperature

Restriction: delta T 3 °C



Groundwater is regularly inspected by the power plant and authorised organisation; the ground water level and temperature in three boreholes and two locations on the Sava River are constantly measured and, on a weekly basis, in ten boreholes in the Krško-Brežice fields. The groundwater level was slightly lower in comparison with the previous year; however, the difference was small and was caused by the cyclic variation due to different quantities of precipitations.

DATA ON RADIOACTIVE WASTE AND SPENT NUCLEAR FUEL

In 2015, 165 packages of low- and intermediate-level radioactive waste (NSRAO) were stored, with a total volume of 38.9 cubic meters. This volume included 19 drums of ashes which had been returned after the successful campaign concerning combustible waste incineration which resulted in 350 drums sent out for incineration in 2014.

The total volume of radioactive waste in the interim storage on 31 December 2015 was 3732 packages of a total of 2264.3 m^3 in volume and the total activity of 17.8 TBq.

The spent fuel pit contains 1152 spent fuel elements from the previous 27 fuel cycles. The overall mass of spent fuel material is 448 tonnes.

ENVIRONMENTAL MANAGEMENT AND COMMUNAL WASTE

Since the end of 2008, the ISO 14001 environmental management standard has been operating in NPP. Since the certificate was granted, the system has been checked regularly on an annual basis by an external certification organisation. The first control system re-certification assessment in the new three-year cycle was carried out. It was established that NPP adequately respects the environmental management system requirements.

A special waste water treatment plant is used for communal waste water. Measurements of pH, temperature, non-soluble substances, chemical and biological use of oxygen at the outlet are taken by an external organisation, which is in line with the OVD requirements.

Nuclear safety is our priority. A high level of nuclear safety of our plant is achieved by independent verifications and critical self-assessment of the results, on-going improvement of human performance and the safety culture, equipment and processes upgrading, learning from own operating experience and international practices, and by comparing with the best facilities in the world.

02

HIGH LEVEL OF NUCLEAR SAFETY

02

HIGH LEVEL OF NUCLEAR SAFETY

Care for the environment is a part of the plant's business policy whose highest priority is safe and stable operations. The practices of NPP concerning the environment are in accordance with the ISO 14001 standard, internationally the most widely recognised environmental management system

In order to ensure nuclear and environmental safety, a Protection and Rescue Plan (NZIR NEK) for emergency events was prepared, detailing the organisation, measures and means of emergency management if there is a potential danger of radioactive effects on the environment. Every year at least one drill is carried out and several training sessions in order to check the readiness for potential emergency events.

Readiness in case of emergency events is checked every year.

A theoretical-practical drill was carried out in December; over 200 participants of NPP took part in it in addition to external organisations, such as URSJV, Brežice Regional Information Centre (ReCO) and Information Centre of the Republic of Slovenia (CORS). NPP's support organisations did not participate on this occasion.

The objective of the drill was to test the compliance of operative procedures and the NZIR NEK plan with NPP safeguards procedures and the procedures for managing emergency events if immediate access to the plant is prevented. The goals of the drill were to activate NPP, without advance notice on the basis of a previously prepared scenario of an emergency event and to gather intervention staff on a back-up location in Krško Cultural Centre, to test the response and safeguard measures in the event of an emergency event for physical hazard, to test the activation of a back-up location, to test communication and coordination between the back-up location, the plant (guards) and Emergency Operations Facility (ZPC), to monitor the state of the technological processes and the status of plant nuclear safety at the back-up location and in ZPC, and to form intervention groups at the back-up location and direct them to the plant. At the NPP level, the purpose and goals of the drill were achieved. The drill proved the suitable readiness of the plant in terms of emergency event management aspects which were tested, and pointed out areas where improvements could be made.

A safety review must be carried out by nuclear power plants every ten years.

The legislation and international standards require that, from time to time, i.e. every ten years, the plants carry out a safety review, prepare a report and submit it to a relevant administrative body. The legal basis for it is stipulated in the Ionising Radiation Protection and Nuclear Safety Act (ZVISJV) and the Rules on operational safety of radiation and nuclear facilities. In June 2014, URSJV issued a decision endorsing the report on the second periodic safety review of NPP and a plan of modifications and improvements of the plant. Their implementation is split into three time-groups. By the end of 2015, NPP completed 55 percent of all actions, of which 96 percent were of the first time-group, 44 percent of the second one and 33 percent of the third time-group. All modifications and improvements related to the endorsed report on the periodic safety review must be, according to legal requirements, completed within five years of the report endorsement date.

The results of the technical review of the plant performance carried out by WANO in 2014 were presented to NPP. The report includes some improvement recommendations and points out good practices in NPP which will serve as model practices to other plants world-wide. The overall assessment of the plant's operations is very high. This outstanding achievement is another affirmation that we are among the leading facilities in the world in the area of nuclear safety.

In 2015, we had an audit review of our Environmental Management System to verify compliance with ISO 14001 and an audit of the Occupational Health and Safety Management System to verify its compliance with BS OHSAS 18001. Both audits were carried out by an international certification organisation.

PROCESS AUDITING

We are aware of the fact that NPP operations represent specific risks due to stored power in the reactor core, residual heat and radioactive material. Therefore, we have a management system in operation treating nuclear safety in all areas of the plan's operation as a priority, placed before production targets, operational availability and cost limits. By encouraging and respecting the principles of safety culture at all levels, each NPP's employee, within their individual competence/skill, responsibility and authority takes part in ensuring nuclear safety, the safety of employees, population and environment. Our principles are manifested in the efficiency of inter-dependant processes within NPP and support the overall facility's operations.

The compliance of the programs and the efficiency of the processes are audited by independent internal audits when we assess the efficiency of activities which have direct impact on the structures, systems and components by assessing their effects on safe and reliable plant operation. The audits of processes are regularly planned for those areas in which Quality Assurance Program requirements are respected. These areas are:

- Organisation and administration;
- Corrective Action Program and operating experience;
- Production;
- Maintenance;
- Engineering;
- Radiological protection;
- Chemistry and radioactive waste management;
- Purchasing;
- Training;
- Ensuring physical security, etc.

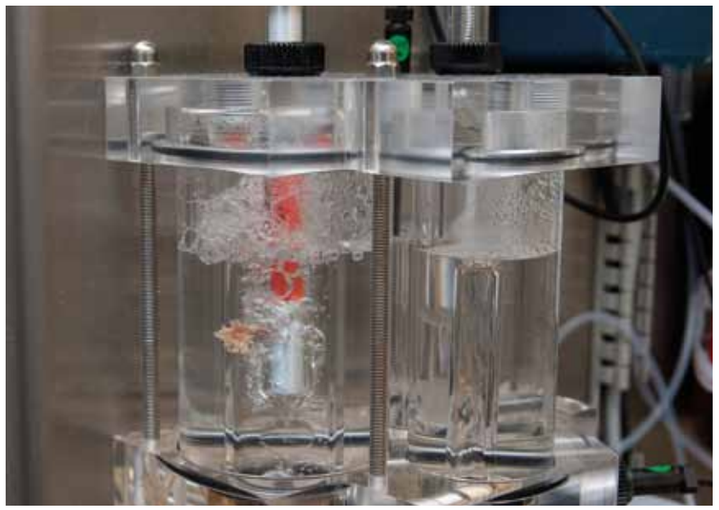
Audits are carried out by qualified staff without direct responsibilities for the area being assessed. Every audit and results of such audit is supported by a report prepared in writing, which is sent to the management of the assessed organisational unit. For each discrepancy determined the assessed unit must define corrective actions and the deadline of its completion, and must report on the completion of such corrective measure. The NPP's management board is informed of the report conclusions and corrective measures to be taken. The assessing staff must check the efficiency of the corrective measures and if necessary repeat the audit.

In 2015, nine internal audits were carried out by quality assurance engineers together with other organisational units of NPP in the organisational fields (verification of compliance with SIST EN ISO 14001 and BS OHSAS 18001 standards, for which Krško NPP has acquired a certificate), radiological protection and chemistry with relevant approved laboratories per ISO 17025 standard, documentation and record control in the engineering, building maintenance and warehousing, Corrective Action Program and operating experience, physical security assurance and fire safety, and production processes. A general view following such assessments was that NPP's processes were in accordance with required standards and that they provide the achievement of policies and goals set. Discrepancies found were included in the corrective program of actions defined per appointed responsible individuals and deadlines. Discrepancies identified by previous assessments had been rectified in the majority of cases.

OBSERVATION AND COACHING

Observations and analysis of work processes in the technological area are conducted by the management and other staff in order to identify deviations and take relevant corrective measures. The fundamental objective of observations is not to criticize an individual, but rather to detect deviations in the work processes and their rectification, finding methods for their improvements and to underline the desired standards and good working practices. Instructions for the observation preparation, execution and results analysis are defined in a special administrative procedure which ensures uniformity of observation.

In 2015, more than 330 observations were carried out in NPP during its operation. All disciplines and work groups underwent the observation procedure in different organisational units. The results analyses of these observations showed that some work processes could be improved, in particular in the sphere of work preparation and documentation, especially work practices, order and cleanliness.



Technological modernisation has been effected on the basis of operating experience, equipment suppliers' and international professional organisation recommendations and in accordance with administrative requirements of the 5-year plan. The modernisation defined in the Safety Upgrade Program will ensure plant's additional resistance to extraordinary natural and other unlikely events such as extreme earthquake or flood.

03

TECHNOLOGICAL MODERNISATION AND SAFETY UPGRADE PROGRAM

MAJOR TECHNOLOGICAL MODERNISATION

There have been over 850 modifications and/or technological changes carried out in NPP which had a direct impact on better nuclear safety and/or reliability of the operations, a fact supported by WANO performance indicators.

One of the most important technological modernisations in 2015 was the Reactor Vessel Upflow Conversion which will prevent nuclear fuel damage on a long-term basis. In addition, surveillance systems of one of the two diesel generators planned for modernisation were also modernised.

Following a systematic analysis of technological equipment and processes, more than 100 technological upgradings have been planned to be completed in the following 5-year period, including those defined in the Safety Upgrade Program which are being conducted on the basis of the decision issued by URSJV.

Other investment in technological upgrading was mainly in work carried out during the outage. There were 24 technological upgradings performed. Some of the tasks were completed while operating – we planned works which were related to unfavourable effects on NPP's technological systems due to the construction of the future Brežice hydropower plant. The project solutions include the replacement of the floodgates on the Sava River and installation of additional outage floodgates on the inlet and outlet systems for equipment maintenance needs. The upgrading includes river cleaning systems at inlet structures, system adjustments in order to avoid inlet structures freezing, measuring and management systems adjustments, as well as the construction of additional water wells to facilitate the underground water level adjustment at the NPP site. Modifications to ensure better flood safety were also carried out during operations: installation of anti-flood gates and water gate flood barriers and other upgrading planned.

Over 100 technical upgradings are planned for the next five-year period.

To follow is a description of major technological upgrading completed in 2015

REACTOR VESSEL UPFLOW CONVERSION

In order to achieve efficient long-term rectification of fuel element damage due to vibrations caused by cross flows of the cooling media through reactor baffle plate gaps, the down-directed coolant flow between the baffle plates of the reactor core frame and the reactor core barrel was redirected upwards. This resulted in a significant reduction in hydraulic pressure difference through the reactor baffle plate gaps. At the same time, vibrations caused by the flow which in turn caused damage to the fuel elements, were eliminated.

The modification included plugging existing 16 holes in the core barrel between the first two horizontal support plates of the reactor core frame with sealing plugs, while 8 new flow holes in the upper horizontal support plate were made.

THE REPLACEMENT OF VOLTAGE REGULATORS OF DIESEL GENERATOR SET 1 AND 2 (DG1 AND DG2)

The project involves the replacement of DG1 and DG2 voltage regulators together with associated protective-control equipment.

The replacement started during the 2015 outage on DG1 and will continue during the 2016 outage on DG2. For aging reasons all active electrical equipment in boxes fitted on the DG and on the compressor station for start-up air supply was replaced.

The modernisation resulted in greater availability and reliability of DG operation, which is vital for the provision of power for all safety systems and components in the event of off-site blackout.

UPGRADING SURVEILLANCE SYSTEM OF SPENT FUEL PIT COOLING SYSTEM PUMPS

In order to ensure the operation of circulating water pumps for spent fuel pit water cooling in emergency events in the event of pool leakage, the control of pump operation was relocated from the spent fuel handling building to the main control room.

An indicator of overall pump flow was installed in the main control room which will enable the operators to monitor the total coolant flow in the spent fuel pit. In addition, the alarm system configuration was extended.

Due to the modified configuration of the pump control method, two non-return valves had to be installed on the pressure side of the pipelines behind the circulating water pumps; the valves are to prevent the back-flow of the coolant when the pump is out of operation, thus enabling such an idle pump to be in operational readiness.

UPGRADING GENERATOR CONTROL INSTRUMENTATION

The upgrading resulted in improved surveillance and operation of the hydrogen-cooled generator sub-system.

The hydrogen control panel was upgraded, uninterruptible power supply of generator hydrogen pressure meters has now been ensured, and the hydrogen flow meter and outdated surveillance system were replaced in accordance with the required standards.

Due to improved hydrogen surveillance, the upgrading increased the safety and reliability of the generator operation which is a vital component of the plant.

MODIFICATIONS OF THE ESSENTIAL SERVICE WATER SYSTEM DUE TO BREŽICE HYDROPOWER PLANT EFFECTS

The modification is one of the measures needed to remove negative effects of the Sava River water level rise due to the construction of the water reservoir for Brežice hydropower plant.

Adjustments were made on the essential service water pumps guides and supports as well as on fire protection system pumps and additional outage gates for inlet channel of essential service water were made in addition to new platforms and ladder required for equipment surveillance and maintenance when the Sava River water level is high.

SAFETY UPGRADE PROGRAM 2013–2021

The Safety Upgrade Program (PNV) is based on the decision on the plan's operational life extension and experience following the nuclear accident in Japan. The plan was endorsed by URSJV and comprises the construction of additional safety systems to provide reactor core and spent fuel cooling and represent an even higher level of resistance of the plant in case of emergency natural and other unlikely events such as extreme earthquake, flood, and aircraft crash. Additional safety systems will ensure the integrity of the containment and minimum releases to the environment also in the event of the worst accidents similar to those in Japan in 2011.

Additional safety systems are to improve the plant's resistance to extreme natural and other forces.

The Program comprises projects for certain safety systems upgrading, safety power supply, radioactive release surveillance, flood safety and spent nuclear fuel store.

In 2013, Krško NPP took necessary measures and purchased equipment needed for upgrading readiness to address beyond design basis accidents. A filtered containment venting system was installed, followed by passive autocatalytic recombiner for hydrogen regulation in the containment.

Krško NPP is preparing and/or implementing the projects as follows:

- upgrading anti-flood protection of NPP buildings,
- upgrading operational support centre,
- constructing an emergency control room and a technical support centre,
- installing additional pressure relief valves in the reactor coolant relief system,
- installing additional spray systems for nuclear spent fuel pit cooling and a connection for a mobile heat exchanger,
- installing an additional pump and a heat exchanger for alternative long-term cooling and residual heat removal, and
- dry spent fuel storage.

SAFETY UPGRADE PROGRAM IN 2015

The project preparation for the flood protection of NPP's buildings is now in its final stage. The flood gates and water gate flood barriers will prevent water intrusion into the vital technological processes buildings. Building permission has now been obtained and tender for operational support centre upgrading has been called.

Project documentation and technical specifications were being prepared for main equipment purchase for the mentioned projects.

The conceptual design of dry storage of spent nuclear fuel has now been prepared and approved and it represents a significant safety upgrading. This type of storage operates on a passive basis and needs no equipment, system or source of energy.

Appropriate inspection, maintenance and upgrading ensure the operational readiness of equipment. Maintenance falls into the categories of preventive maintenance carried out at specific intervals defined in programs, predictive maintenance which is used for establishing the status of equipment (diagnostics), and corrective maintenance aimed at re-establishing the state of equipment to ensure its designed functionality.

04

MAJOR MAINTENANCE ACTIVITIES AND INSPECTION OF PRESSURE BOUNDARIES

04

MAJOR MAINTENANCE ACTIVITIES AND INSPECTION OF PRESSURE BOUNDARIES

The most vital maintenance activities were carried out during the outage, while others were completed during operating as on-line maintenance – most of them in accordance with the preventive maintenance plans and the programs related to the management of ageing equipment and components.

Standard regular 2015 outage activities include: overhauls, revisions and testing of high-voltage and low-voltage motors, circuit breakers and other electrical equipment, instrumentation calibration, inspection of equipment degradation suffered during operation by means of non-destructive methods, the overhaul of valves, ventilation systems and other mechanical equipment, the overhaul of diesel generator set, various secondary system pumps, etc.

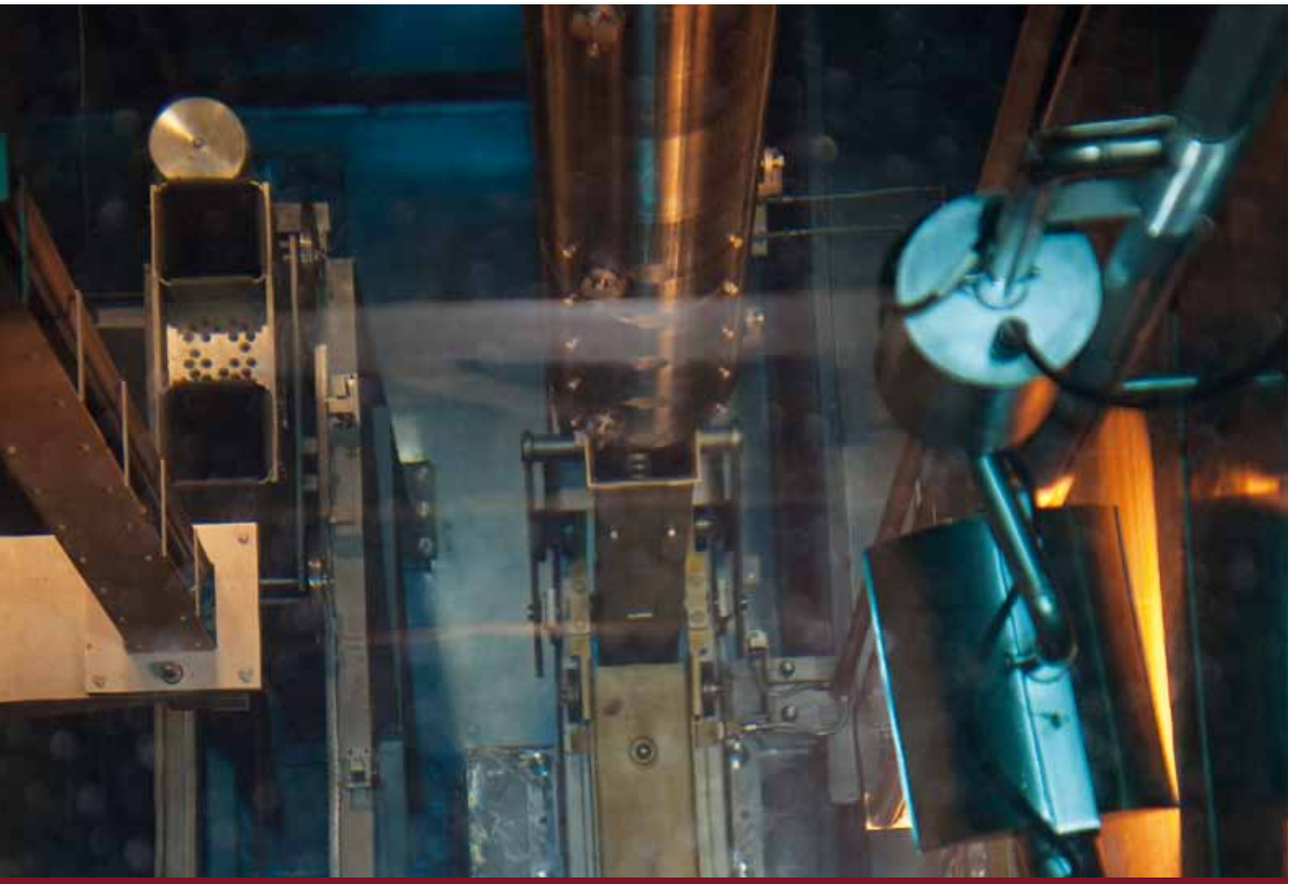
Major maintenance activities include: low-pressure turbine overhaul, turbine valve overhaul, steam generator U-tube inspection by means of a non-destructive method, reactor vessel inspection, pressurizer spray valve replacement, electric-motor replacement on the condenser cooling pump, the replacement of two inverters and various tasks according to the equipment aging management program.

The results of all inspections using the non-destructive methods demonstrated that the integrity of pressure boundaries is immaculate as no indication was found to suggest degradation during operations.

In accordance with the secondary systems component inspection program related to erosion and corrosion effects, there were no instances detected which would necessitate corrective measures.

Other maintenance work was carried out during plant operation in accordance with planned activities; however, there was no major corrective work done which would essentially affect safety and/or plant availability.

The integrity of pressure boundaries is impeccable – the results of inspections using non-destructive methods.



Performance indicators used to follow up the achievement of targets, efficiency and improvement in a certain area of the plant facilitate setting new goals after relevant improvements have been made, the adjustment of priorities and the provision of assets to ensure successful operation of the plant. In addition, these indicators allow comparison with other power plants.

05
PERFORMANCE

05
PERFORMANCE

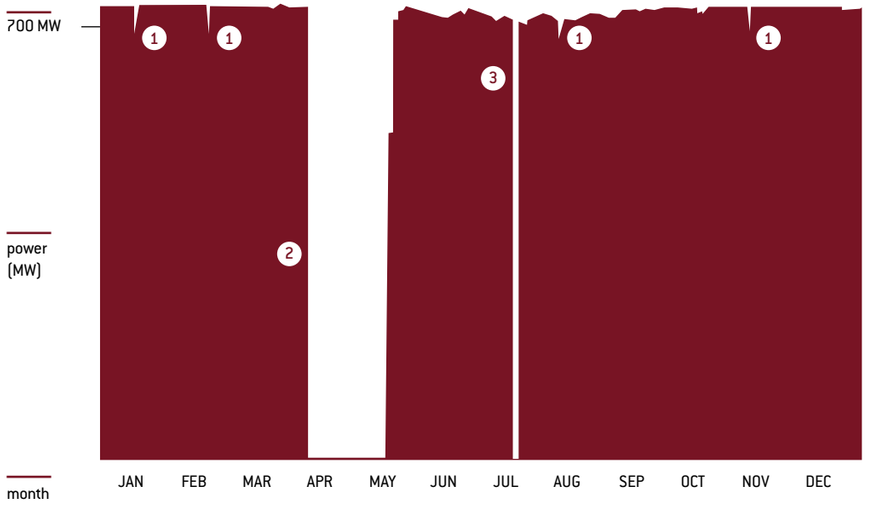
NPP's 2015 total output at the generator outlet was 5 648 288.70 MWh of gross electricity or 5 371 662.30 MWh of net electricity. This annual output was by 0.78 percent higher than planned; the planned figure was 5 330 000 MWh.

The availability factor was 89.36 percent. This factor represents the ratio between the number of generator hours online during a certain period and the total number of hours of such period. The unit capability factor, on the other hand, reflects the percentage of the plant's capacity in relation to its maximum capacity at full-load operation taking into account environmental restrictions. The 2015 factor was 88.78 percent. The regular outage with refuelling lasted 36 days, from 11 April 2015 to 17 May 2015. On 17 July 2015 we had a planned shutdown for the replacement of reactor coolant temperature detectors. After the successful intervention, the plant was synchronised to the grid on 19 July 2015.

Output in 2015

Gross energy produced: 5 648 288.7 MWh
Net energy produced: 5 371 662.3 MWh
Availability factor: 89.36%
Capability factor: 88.78%

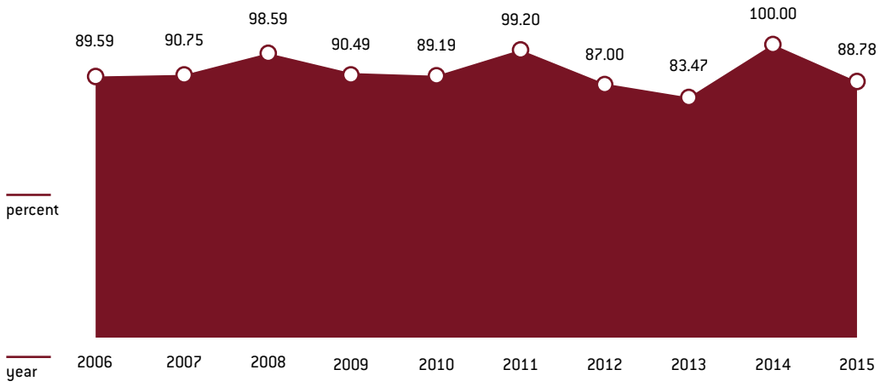
1 Turbine valves test
2 Outage 2015
3 Plant shutdown for reactor coolant temperature detectors replacement



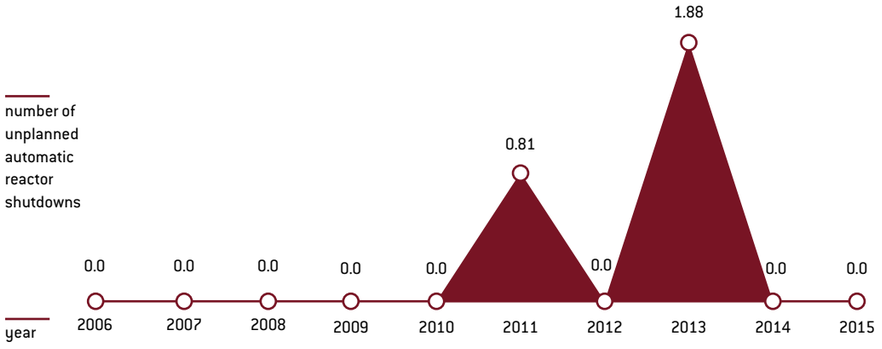
OPERATIONS

Unit capability factor

NEK target for 2015: ≥ 88%



Unplanned automatic scrams per 7000 hours critical

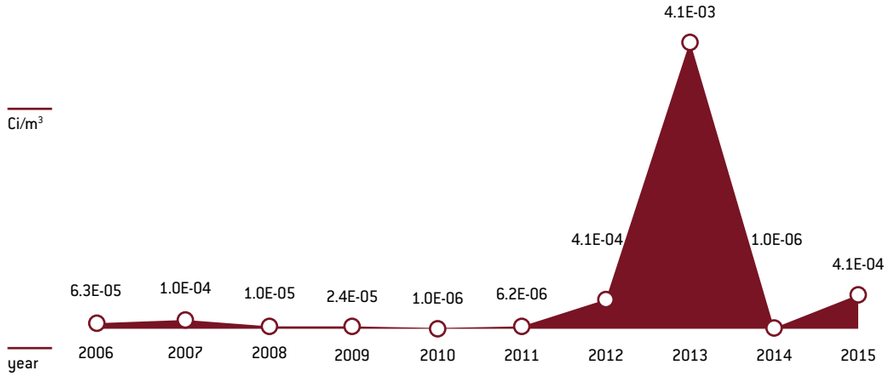


NUCLEAR FUEL AND SECONDARY CHEMISTRY

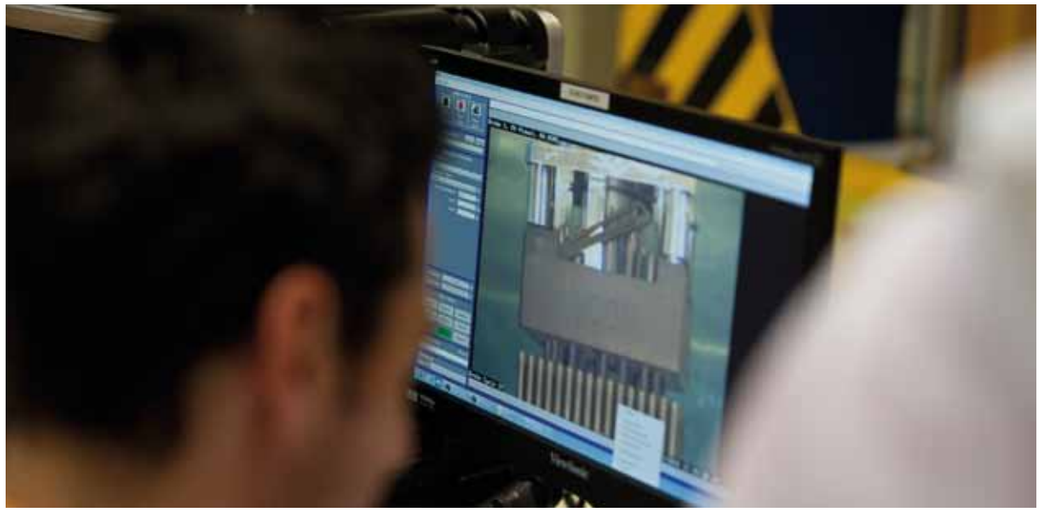
In the first quarter of 2015, at the end of cycle 27, the specific activity of the primary coolant and its contamination were slightly higher due a damaged fuel element. In the second half of 2015 (cycle 28), the fuel reliability indicator met the target figures set by Krško NPP and INPO (Institute for Nuclear Power Operations); this is due to the reliable operations of the reactor core without fuel leakage.

Fuel reliability indicator

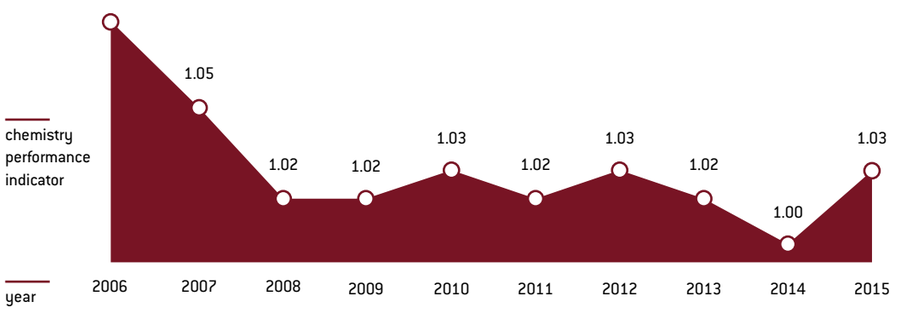
NEK target for 2015: ≤ 5E-04



The chemical program of the reactor coolant and the secondary cycle was satisfactory. The chemistry parameters remained within the specific limit values, ingress of aggressive electrolytes into the primary and secondary systems was comparable to previous years. Monitoring of key parameters was effective, as well as the cleaning systems which contributed to the effective chemistry program. WANO chemistry indicator of the secondary system reached the value of 1.03; the targeted indicator parameters values were slightly exceeded at the startup following the regular outage and at the planned plant shutdown. There was no increase in active corrosive mechanisms detected in the water cooling systems media.



Chemistry performance indicator



SERVICE AND EQUIPMENT PURCHASING

While respecting the legal requirements concerning the Public Procurement in Water, Energy, Transport and Postal Services Act (ZJNVETPS) as well as international and national legislation and company policy, we ensured all the necessary resources for the plant's successful operations.

The purchasing process followed the guidelines of economy and efficiency with due consideration of the ZJNVETPS. Public contracting was at a high level and systematic and was suitably documented. Almost seven hundred public contracts were awarded in the business year. The national audit committee made only one recommendation for a review of the entire subject and potential different decision concerning the public contract awards.

On the local market, public contracts for construction work were a new business challenge. New business associates represented new tests – numerous questions were answered in the bidding phase as well as during later stages of the public procurement process when the bidders had to be assisted in obtaining documents for unescorted access into the plant, in coordination with training time-tables, changes and new subcontractors, etc.

As for foreign markets, we continue to note great disinterest of American suppliers and their unreadiness to appreciate our strict respect of our laws and obligatory actions on the part of a customer.

In spite of extensive and the on-going investment and plant upgrade program, we are experiencing increasingly greater difficulties in purchasing equipment and spare parts which are not manufactured any more. We take an active part in forums and gatherings where this topic is discussed. We are a member of POMS (Proactive Obsolescence Management System) with the right to access to data base of spare parts available to be updated with the position of the equipment no longer available in the market. We engaged an expert organisation in the USA to assist us in this matter.

Krško NPP has joined numerous international professional organisations, which enables our employees to remain up-to-date with and to co-create the best practices, and exchange and transfer experience to their work environment. An active role and international inspection significantly contribute to the improvement of work processes and the achievement of good safety and operational results.

06

INTERNATIONAL COOPERATION

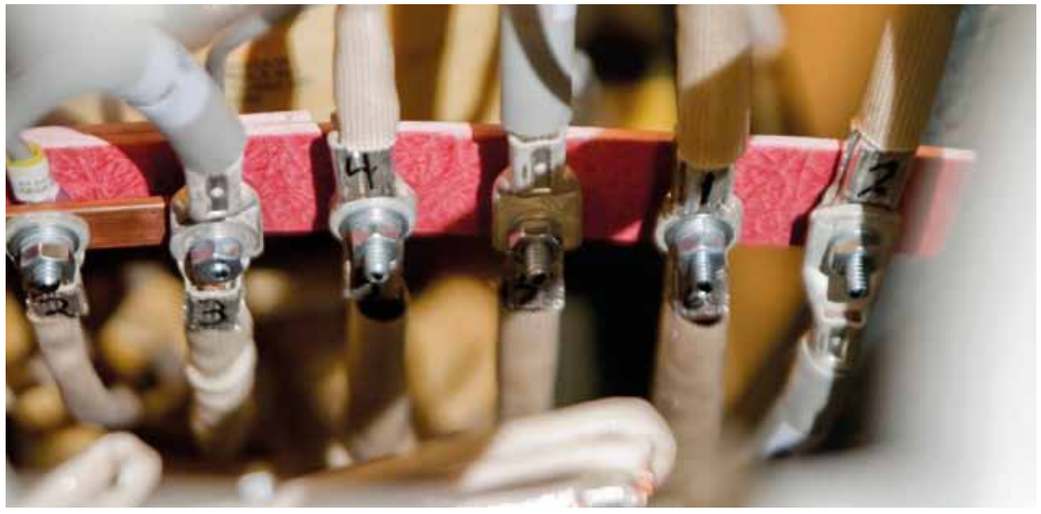
PARTICIPATION IN 2015

The President of the NPP's Management Board is a member of the Management Board of WANO, the Paris Centre, which comprises the representatives of all countries as members of the centre. One of NPP's employees has a temporary employment in the WANO Paris Centre and is a member of the peer review group.

The results of expert review of the plant's operations were prepared by WANO in 2014 and were presented to NPP. The results included recommendations for improvements and good practices in NPP and will serve as a model for other plants in the world. The overall assessment of NPP's practices is very high; this is an exceptional achievement and yet another confirmation that, in terms of nuclear safety, we are among the leading in the world.

For several years we have been working together with WANO and INPO. So far our experts have taken part in 44 such missions worldwide. Two of our representatives took an active part in international expert reviews of plants' operations (WANO Peer Review missions), in Kori plant in South Korea, and Cattenom in France.

Through the Technical Assistance Missions our plant has received over 32 such missions with topics which cover various areas of the plant's activities. Three experts from NPP have taken part in missions in KSU in Sweden (simulator training methods), in Vadellos plant in Spain (readiness in case of emergency event), and in Dole plant in Belgium (plant system alignment and tagging processes).



Through WANO we have been visited by representatives of ten countries for 28 different areas of work.

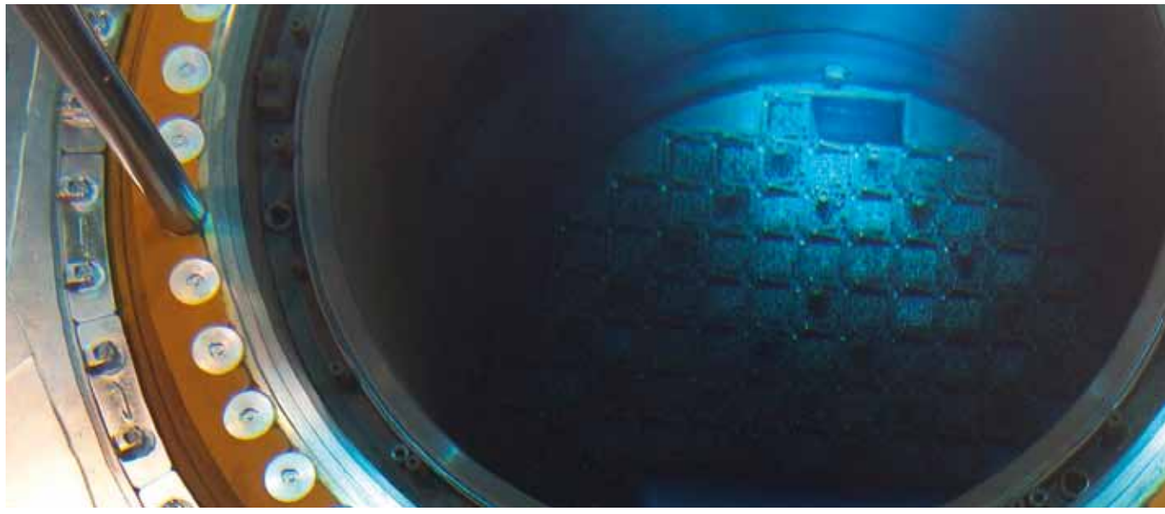
Krško NPP representatives take part in professional training organised by various organisations. Due to good results, our plant has become a model plant for other nuclear facility operators and a source of good practices in various fields of work. Through WANO we have been visited by representatives of ten countries for 28 different spheres of work. In 2015, we had visits in order to carry out benchmarking safety cultures, equipment reliability, operating experience, performance indicators and operation management.

In 2015, Krško NPP, together with NUPIC, took part in eight evaluations of safety equipment suppliers in the USA and Europe.

Krško NPP takes an active part in some of the areas of EPRI activities; with its research, the institute supports the nuclear industries with:

- equipment maintenance of nuclear facilities (NMAC – Nuclear Maintenance Applications Centre);
- equipment upgrading, purchasing and qualification (PSE – Plant Support Engineering);
- non-destructive testing and research (NDE – Non-Destructive Examination);
- exchange of experience in applying accident analysis programs (MAAP – Modular Accident Analysis Program User Group);
- exchange of experience concerning erosion/corrosion issues – CHUG (Checworks Users Group).

Our plant has taken part in PWROG annual conferences (Pressurized Water Reactor Owners Group), organised separately for nuclear facilities from Europe. As a member of the NUMEX organisation, the plant has participated in experience exchange concerning maintenance.



MEMBERSHIP IN INTERNATIONAL ORGANISATIONS

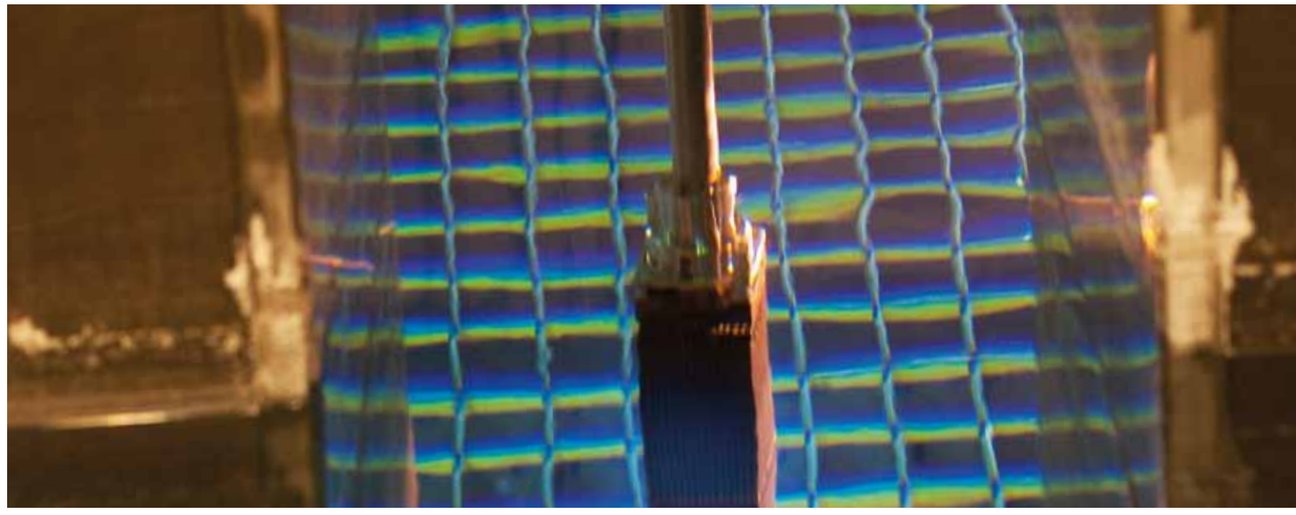
Krško NPP is a member of the following organisations:

WANO

All nuclear facilities in the world are members of the World Association of Nuclear Operators (WANO). NPP has been a member of this organisation since its establishment in 1989. Its aim is to promote the highest standards of operational safety, availability and excellence of nuclear power plants. WANO implements programs for sharing operating experience, promoting communication, benchmarking and emulating best practice.

INPO

From as early as 1988 NPP 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 American nuclear plants and/or their operators are INPO members. Its membership extends both to nuclear power plant operators in other countries, as well as to the manufacturers and designers of nuclear facilities.



IAEA

The International Atomic Energy Agency (IAEA) is an independent inter-governmental organisation which 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 as well as technology and/or know-how transfer in this 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 programs such as nuclear safeguards, nuclear technology application, nuclear energy, nuclear safety and technical cooperation. As part of these programs, the IAEA organises OSART (Operational Safety Review Team) missions which involve visiting power plants in order to inspect and assess their operational safety.

IAEA organises OSART missions which involve visiting power plants in order to assess their operational safety.

NUMEX

For over ten years, NPP 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 (Electrical Power Research Institute) is a non-profit and independent organisation for research in the area of electricity production and environment protection. 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.

PWROG

PWROG (Pressurized Water Reactor Owners Group) is the association of all the pressurized water reactor (PWR) operators and Westinghouse. It offers various programs related to improved equipment, optimisation of technical specifications, reduced number of unplanned shutdowns, increased power of the plant, simplification of the plant systems, the manufacture and use of nuclear fuel, analyses by contemporary programs and analytical methods, etc.

ENISS/FORATOM

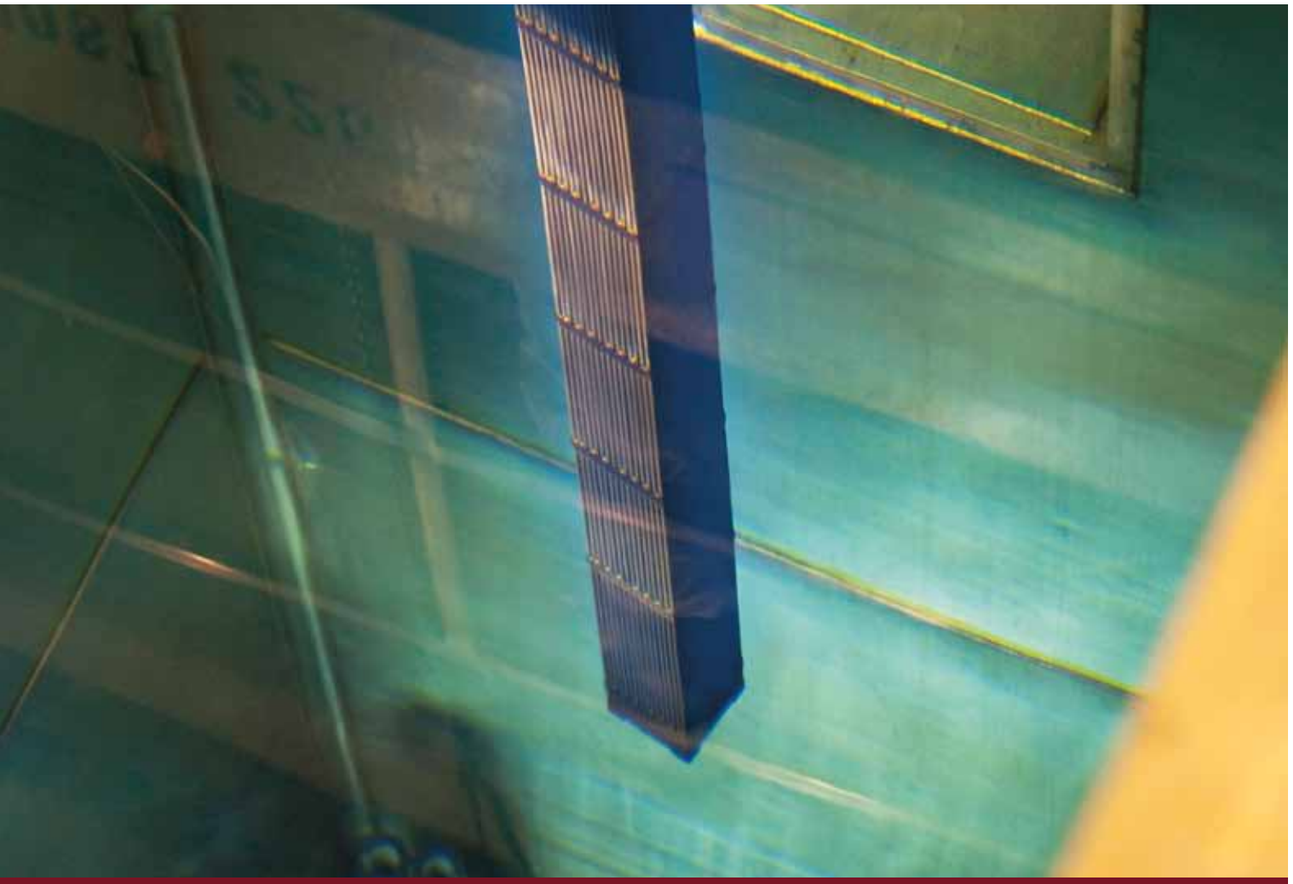
As a member of ENIS group (European Nuclear Industry Safety Standards), Krško NPP took part in the preparation of the EU nuclear industry position in drafting amendments to legislation in this industry. The work group acts within FORATOM, an EU nuclear industry organisation.

NUPIC

NUPIC (Nuclear Procurement Issues Committee) is a committee of American and other nuclear facilities for joint evaluation of suppliers furnishing safety-related components and services. The aim of this organisation is to improve the process of locating the suppliers of high standards of quality.

ISOE

ISOE system (Information System on Occupational Exposure) was established in 1992 with the aim of setting up a forum for radiological protection experts of nuclear facilities and national regulatory bodies for nuclear safety worldwide. ISOE provides its members with the exchange of experience in optimisation of occupational exposure.



Staff training and their integral development are two of the company's essential values, and the professionalism is one of the essential personal values which have been incorporated in the fundamental documents of Krško NPP. High-quality staff professional training programs increase the level of expertise and professionalism of employees, and in return safe and reliable plant operations while promoting integral development of each individual.

07

PROFESSIONALISM AND ENTHUSIASM OF STAFF AS THE BASIS OF SUCCESS

07

PROFESSIONALISM AND ENTHUSIASM OF STAFF AS THE BASIS OF SUCCESS

The organisation endeavours to ensure long-term, planned and timely staff recruitment as well as systematic development of all employees, thus ensuring a condition for long-term safe and stable operations. We are aware of the fact that work can be accomplished safely, efficiently and at a high quality level only by professional, well qualified and competent individuals; in turn, this strengthens our flexibility, creativity and ability to adjust to changes. The established professional training programs are intended for acquiring and reinforcing professional knowledge and skills which ensure successful completion of all work tasks at a high professional level and in accordance with international standards. Systematic transfer of knowledge and skills provide constant expertise and experience which cannot be found in technical literature. At the same time we take steps to bring up and develop the next generation for key positions in the plant.

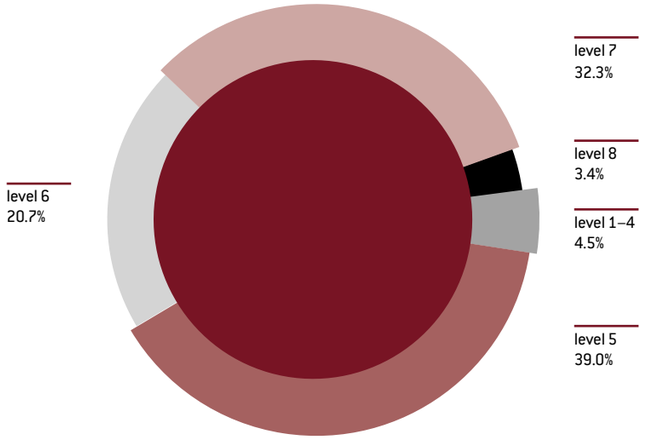
Staff with expertise and skills as well as possessing suitable values are of strategic meaning and one of the key factors of nuclear safety, long-term stability, competitiveness and success.

In 2015, we continued providing stable and sufficient staff structure in all work processes of the plant. The process of generation replacement is slowly coming to an end. Timely recruitment of new staff in the previous years resulted in successful staff replacement due to retirement. We employed 5 new staff, while 10 left the company. Annual staff turnover was 1.7 percent, which demonstrates high staff stability.

The process of generation replacement is gradually coming to an end.

At the end of 2015 there were 641 employees, of which 44 percent held high professional and university education. There were 8 doctors of science and 14 individuals with master's degrees among the employees. The female share of the staff remains at the level of 14 percent. At the end of the year there were 10 students receiving our scholarship at the second degree university study per Bologna program.

Staff structure per level of education



OPERATIONAL STAFF TRAINING

Training courses comprise initial and on-going licensed staff training, and on-going professional training of equipment operators.

Initial licensed staff training was conducted in accordance with national legislation requirements and practices in the nuclear industry. The 86-week training course is structured in four phases of different forms of training aimed at preparing the candidates for independent work in the main control room. In March, 17 candidates successfully completed phase 1 training – Theoretical Basis, in December, 19 candidates were successful at completing phase 2 training – Systems and Plant Operations, in 2016 there will be 14 candidates to continue training at phase 3 – Simulator Training, and Phase 4 – On-the-job Reactor Operator Training.

On-going professional training of licensed staff was conducted in accordance with the approved outline program and NPP internal procedures. The training was conducted through lectures and simulator scenarios, during four weekly segments, attended by all operations crews and other licensed personnel.

Final exams were sat before a commission appointed by URSJV; all 9 candidates were successful; of these, 6 candidates renewed their reactor operator licence, while 3 candidates successfully passed the exams for senior reactor operator licence.

9 candidates passed their final exams before a professional commission.

The on-going professional training for equipment operators was conducted in parallel with the training for licensed staff, in four weekly training segments. The program focused on technical expertise and hands-on training by using operation procedures in the technological building or with the full-scope simulator. Other training was rendered aimed at refreshing and upgrading existing knowledge and skills which equipment operators need in their day-to-day work.

A group of ten operational staff attended four-day practical training, which included handling refuelling equipment. Training was aimed at preparing the participants for safe and first-class performance of this important refuelling activity.

According to internal practice from previous years, pre-outage staff training of various organisational units was conducted.

Operational staff underwent training on the full-scope simulator prior to infrequently performed tests and evolutions in the facility.

STAFF TRAINING FOR MAINTENANCE AND OTHER SUPPORT FUNCTIONS

The training of technical personnel included courses whose aim is for candidates to acquire the legally required general and specialist knowledge needed for performing maintenance, engineering and other supporting functions.

Courses aimed at acquiring legally required knowledge and refresher courses for general and professional knowledge and skills were conducted for maintenance and other support functions.

Within the framework of initial training for technical personnel, a course in the fundamentals of nuclear power plant technology (OTJE) was carried out. In line with regular practice, the course was conducted in collaboration with the Training Centre for Nuclear Technology (ICJT). The OTJE courses are conducted in two parts - in the first part theoretical fundamentals are covered, while the second part is focused on systems and operations of the power plant. A total of three NPP staff attended this training in 2015.

Training of maintenance personnel continued with programs of specialist and legally required training, which were prepared on the basis of matrices of required qualifications. Some courses were conducted in the Maintenance Personnel Training Centre and in NPP technological units, and partly in cooperation with external institutions. The training was conducted by engaging, in addition to our own training staff, mentors of practical training from individual maintenance departments.

Under an on-going training of maintenance staff in two segments, we completed a training program on the subject of general and legally required areas. The maintenance staff was updated on the new aspects of plant processes and operating experience.

OTHER LEGALLY PRESCRIBED AND GENERAL TRAINING

Legally required training includes: occupational health and safety, fire protection, hazardous substances, etc. General training includes: general employee training program, first-line supervisor training, etc.

We continued with the implementation of established programs of initial and refresher courses related to occupational health and safety, fire protection, hazardous substances, protection and rescue plan (NZIR), movement within the power generating facilities, etc.

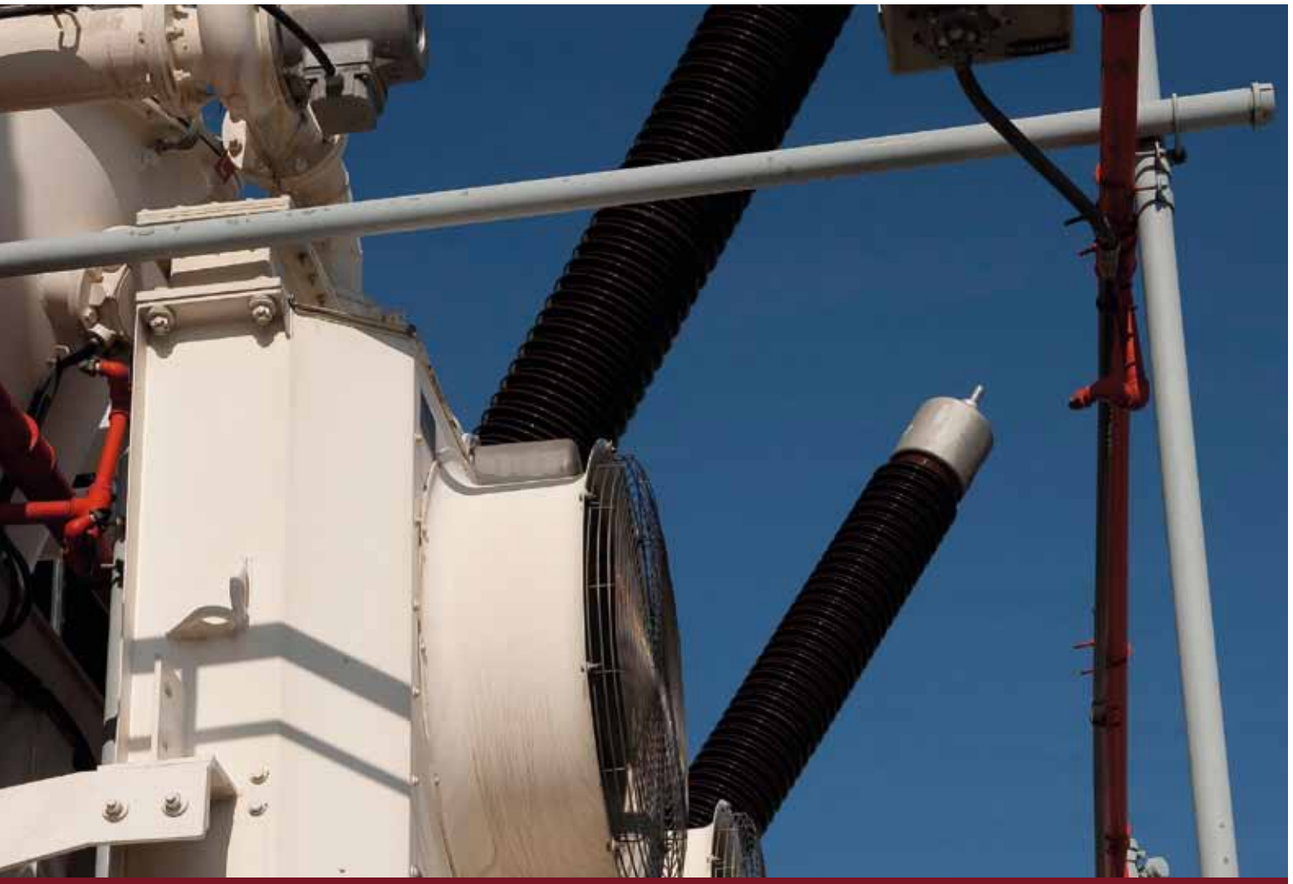
Radiation protection initial and refresher training was conducted according to legal requirements.

An extensive NZIR drill was carried out, supported by the full-scope simulator.

In addition, other courses were carried out for other departments within the power plant, intended to update the staff on new legislation, and introduce innovations in the area of production processes. Courses on computer literacy and language courses were also conducted.

An extensive general program of general training courses was conducted for external contractors, attended by 2282 participants. The majority of them completed the general employee training program (1592), courses related to radiation protection (Radiation Protection 2, Radiation Protection 3) were attended by 320 participants, while refresher training was conducted for 193 first-line supervisors.

Prior to outage general training courses were attended by 2882 external contractors.



Our vision “to be world-wide leader in nuclear safety and excellence” is supported by strategic documents, including Code of Safety and Business Ethics, Five-Year Development Plan, and Management System. Together with effective internal organisation, these are the basis of a modern and integral framework harmonised with standards of effective management of businesses, nuclear industry standards and administrative requirements.

08
COMPANY ORGANISATION

08
COMPANY ORGANISATION

In accordance with the intergovernmental 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, NPP 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.

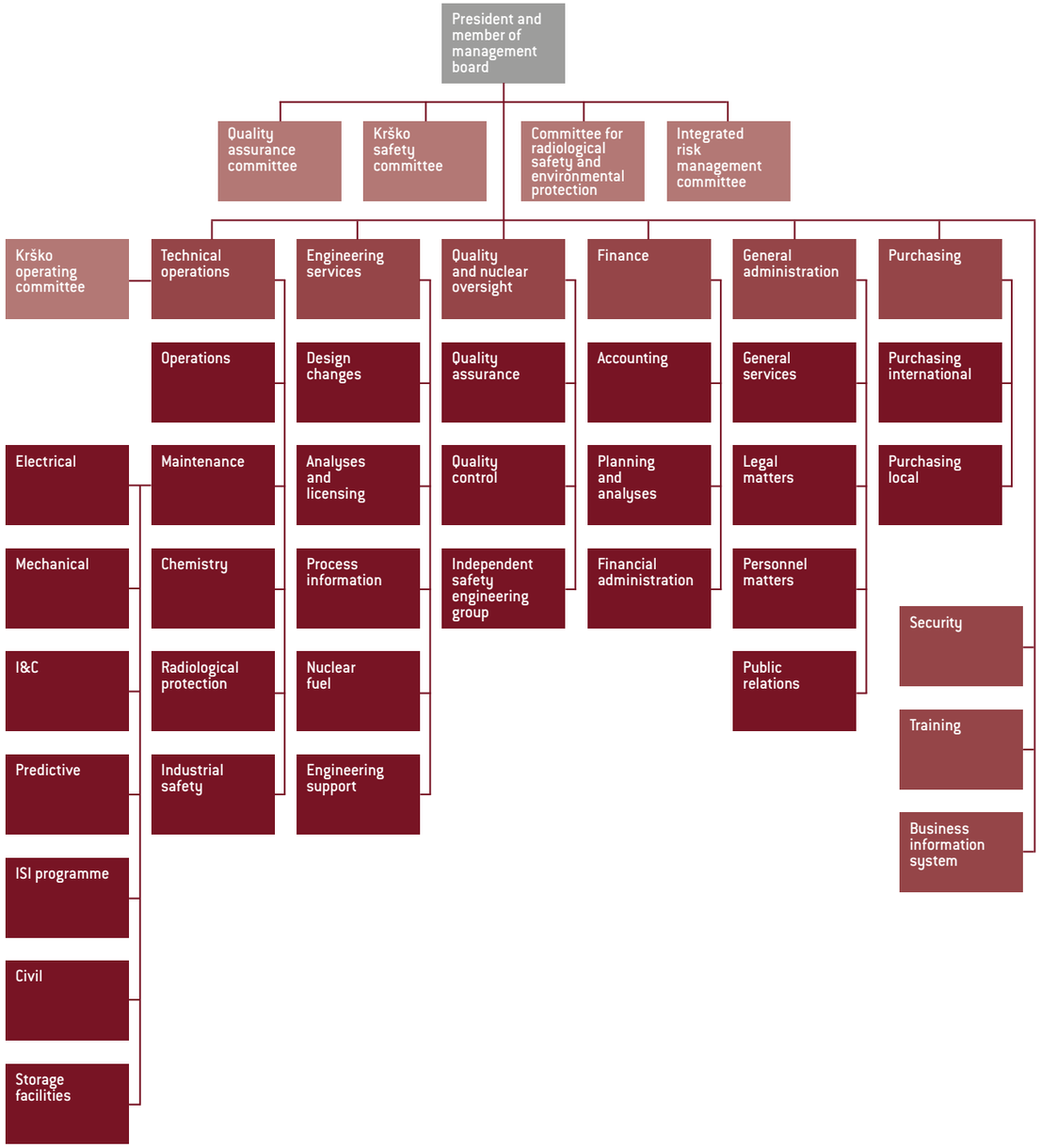
The equity capital of NEK is owned by GEN energija, Krško and Hrvatska elektroprivreda, Zagreb.

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

NEK's internal organisation is in accordance with nuclear industry standards.

Our internal organisation covers all functions in accordance with nuclear industry standards for managing nuclear facilities. Due to NPP's specific position, its internal organisation covers typical operational functions and other corporate functions including independent nuclear safety assessment, which is reflected in a high level of the accumulation of knowledge and skills as well as the company's competence.

Organisation chart



In 2015, NPP continued to strictly respect the Intergovernmental Agreement, Slovenian Accounting Standards and other legal regulations; we achieved good operational and business results. The economy of operations is backed up by financial results, while the positive auditor's report confirms that they reflect a fair picture of the financial position of the company, its financial results and cash flows.

09

SUMMARY OF THE 2015 FINANCIAL STATEMENTS

09
SUMMARY OF THE 2015 FINANCIAL STATEMENTS

In accordance with the Companies Act (ZGD-1) and the Articles of Association of NPP, a summary of the NPP Report for 2015 is given below. The summary includes the main characteristics of business operations in 2015 and consolidated fundamental financial statements. The full versions of fundamental financial statements are presented in the NPP Annual Report for 2015 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 Krško Nuclear Power Plant, its utilisation and decommissioning (Intergovernmental Agreement), NPP's Articles of Association, the Companies Act (ZGD-1) and Slovenian Accounting Standards (SAS).

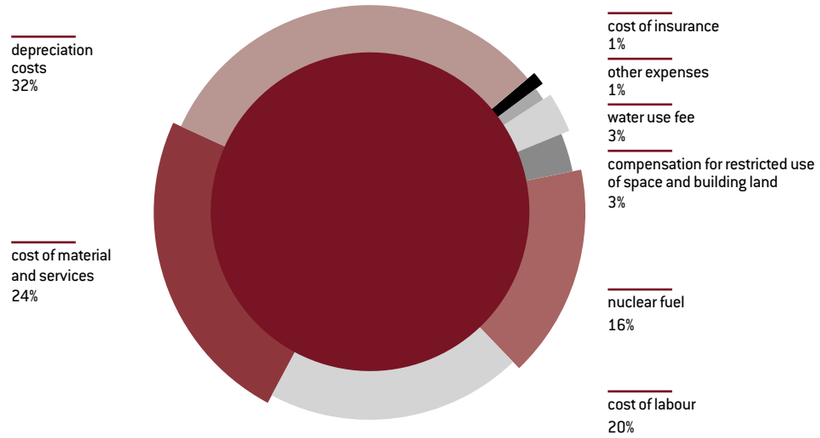
The Annual Report of NPP for 2015 was submitted to the organisation authorised to process and publish the data the first working day after it had been accepted at NPP's General Meeting, and is published on NPP's website.

In 2015, we supplied 5370 GWh electricity to the members of the company, which is by 40 GWh more than planned. The successful business year is also reflected in the company's financial statements. We generated turnover in the amount of 176 742 thousand Euros while the total expenditure amounted to 176 742 thousand Euros. In accordance with the Articles of Association, a reconciliation bill was drawn in the amount of 4364 thousand Euros, thus equalising turnover with expenses.

The structure of expenses is illustrated in the graph below.

A total of 40 GWh more than planned was supplied to the members of the company.

Structure of expenses in 2015



The largest portions in the structure of expenses are represented by the cost of depreciation, the cost of material and services, the cost of labour and the cost of nuclear fuel, amounting to a total of 92 percent of all expenses.

Investments were made in technological upgrading; however, this was to a smaller scope than planned. The investment in technology upgrading was slower due to a redefined framework and scope of projects included in the Safety Upgrade Program.

The financial position of NPP is satisfactory. Long-term resources cover all long-term assets and also all inventories. Business results are demonstrated in the consolidated fundamental financial statements. These should be interpreted together with notes detailed in the NPP's 2015 Annual Report which is published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (www.ajpes.si).

AUDITOR'S REPORT ON FINANCIAL STATEMENTS TO BE PUBLISHED FOR PUBLIC USE

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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 2015, in accordance with International Standards on Auditing, on which the summaries of financial statements are based. In our report dated 18 March 2016, 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 2015, 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 Slovenia and the Republic of Croatia, and in conformity with Slovenian Accounting Standards issued by Slovenian Institute of Auditors in the part that is not covered by the respective contract between the Republic of Slovenia and the Republic of Croatia.

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 2015, the results of its operations and 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.

On behalf of the audit company

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

Tomaž Mahnič, FCCA
Audit Director

KPMG Slovenija, d.o.o.

Ljubljana, 18 March 2016

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2015

in thousand EUR

BALANCE SHEET	31/12/2015	31/12/2014
ASSETS		
A. LONG-TERM ASSETS	297 905	326 269
Tangible fixed assets	297 437	325 740
Investment property	372	418
Long-term financial investments	96	111
B. CURRENT ASSETS	183 008	157 322
Inventories	60 232	73 389
Short-term financial investments	109 470	56 428
Short-term operating receivables	13 292	27 496
Cash	14	9
C. SHORT-TERM DEFERRED EXPENSES AND ACCRUED REVENUE	535	530
TOTAL ASSETS	481 448	484 121
Off-balance sheet assets	1 496	1 442

in thousand EUR

BALANCE SHEET	31/12/2015	31/12/2014
LIABILITIES		
A. CAPITAL	441 961	441 532
Called-up capital	353 545	353 545
Revenue reserves	88 843	88 675
Re-evaluation adjustment	(427)	(856)
Net profit or loss carried over	–	(2 433)
Retained net profit or loss	–	2 601
B. PROVISIONS AND LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE	8 219	8 591
Provisions for jubilee benefits and severance pay	7 716	8 033
Other provisions	503	558
C. LONG-TERM LIABILITIES	222	233
Long-term operating liabilities	222	233
Č. SHORT-TERM LIABILITIES	30 878	27 412
Short-term operating liabilities	30 878	27 412
D. SHORT-TERM ACCRUED COSTS AND DEFERRED REVENUE	168	6 353
E. TOTAL LIABILITIES	481 448	484 121
Off-balance sheet liabilities	1 496	1 442

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

in thousand EUR

INCOME STATEMENT	2015	2014
I. OPERATING REVENUE	175 935	197 105
II. OPERATING EXPENSES	176 358	194 391
III. OPERATING PROFIT OR LOSS FROM OPERATIONS (I – II)	(423)	2 714
IV. FINANCIAL REVENUE	806	536
V. FINANCIAL EXPENSES	383	649
VI. OPERATING PROFIT OR LOSS FROM FINANCING (IV – V)	423	(113)
VII. OPERATING PROFIT OR LOSS FOR THE PERIOD (III + VI)	0	2 601
VIII. Corporate income tax	–	–
IX. NET OPERATING PROFIT OR LOSS FOR THE PERIOD (VII – VIII)	0	2 601

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

in thousand EUR

CASH FLOW STATEMENT	2015	2014
I. CASH FLOWS FROM OPERATING ACTIVITIES		
1. Cash receipts from operating activities	201 444	218 183
2. Cash disbursements from operating activities	114 675	165 750
3. Net cash from operating activities (1 – 2)	86 769	52 433
II. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Cash receipts from investing activities	346	525
2. Cash disbursements from investing activities	87 110	38 137
3. Net cash from investing activities (1 – 2)	(86 764)	(37 612)
III. CASH FLOW FROM FINANCING ACTIVITIES		
1. Cash receipts from financing activities	–	–
2. Cash disbursements from financing activities	–	14 835
3. Net cash from financing activities (1 – 2)	–	(14 835)
IV. CLOSING BALANCE OF CASH (VI + V)	14	9
V. Net cash inflow or outflow for the period	5	(14)
+		
VI. Opening balance of cash	9	23

STATEMENT OF CHANGES IN CAPITAL FOR THE YEARS 2015 AND 2014

in thousand EUR

CAPITAL COMPONENTS	Called-up capital	Profit reserves			Revaluation adjustment	Net profit/loss carried over		Net profit or loss for the financial year	TOTAL CAPITAL
	Nominal capital	Legal reserves	Statutory reserves	Other reserves		Net profit caried over	Net loss carried over	Net profit	
Opening balance 1. 1. 2015	353 545	35 354	53 321	–	(856)	–	(2 433)	2 601	441 532
Total comprehensive income of financial year	–	–	–	–	–	–	–	–	–
Transfer of net financial result of financial year	–	–	–	–	–	–	–	–	–
Changes within capital	–	–	–	168	429	–	2 433	(2 601)	429
Setting off losses as a deductable element of capital	–	–	–		–	–	2 433	(2 433)	0
Allocation of net profit in other profit reserves	–	–	–	168	–	–	–	(168)	0
Other changes in capital	–	–	–	–	429	–	–	–	429
Closing balance 31.12.2015	353 545	35 354	53 321	168	(427)	–	0	0	441 961
Opening balance 1. 1. 2014	353 545	35 354	53 321	–	(35)	–	(2 705)	272	439 752
Total comprehensive income of financial year	–	–	–	–	–	–	–	2 601	2 601
Transfer of net financial result of financial year	–	–	–	–	–	–	–	2 601	2 601
Changes within capital	–	–	–	–	(821)	–	272	(272)	(821)
Loss offset as deductible capital item	–	–	–	–	–	–	272	(272)	0
Other changes in capital	–	–	–	–	(821)	–	–	–	(821)
Closing balance 31.12.2015	353 545	35 354	53 321	–	(856)	–	(2 433)	2 601	441 532

LIST OF ACRONYMS

BS OHSAS	British Standard – International Occupational Health and Safety Management Standard
CHUG	Checworks Users Group
CORS	Center za obveščanje Republike Slovenije | Information Centre of the Republic of Slovenia
ČD	Čisti dobiček | Net Profit
DG	Diesel Generator
ENISS	European Nuclear Industry Safety Standards
EPRI	Electrical Power Research Institute
FORATOM	European Atomic Forum
IAEA	International Atomic Energy Agency
ICJT	Izobraževalni center za jedrsko tehnologijo | Training Centre for Nuclear Technology
INPO	Institute for Nuclear Power Operations
I&C	Instrumentation and Control
ISI	In-Service Inspection
ISO	International Organisation for Standardization
ISOE	Information System on Occupational Exposure
MAAP	Modular Accident Analysis Program User Group
NDE	Non-Destructive Examination
NEK	Nuklearna elektrarna Krško | Krško Nuclear Power Plant – Krško NPP
NMAC	Nuclear Maintenance Application Centre
NSRAO	Nizko- in srednjeradioaktivni odpadki | Low- and Intermediate-Level Radioactive Waste
NUMEX	Nuclear Maintenance Experience Exchange
NUPIC	Nuclear Procurement Issues Committee
NZIR	Načrt zaščite in reševanja | Protection and Rescue Plan
OSART	Operational Safety and Review Team
OTJE	Osnove tehnologije jedrskih elektrarn | Fundamentals of Nuclear Plant Technology
OVD	Okoljevarstveno dovoljenje | Environmental Permit
PNV	Program nadgradnje varnosti | Safety Upgrade Program – SUP
POMS	Proactive Obsolescence Management System
PSE	Plant Support Engineering
PWROG	Pressurized Water Reactor Owners Group
ReCO	Regijski center za obveščanje | Regional Information Centre
SRS	Slovenski računovodski standardi | Slovenian Accounting Standards
URSJV	Uprava Republike Slovenije za jedrsko varnost | Slovenian Nuclear Safety Administration
WANO	World Association of Nuclear Operators
ZDA	Združene države Amerike | United States of America – USA
ZGD	Zakon o gospodarskih družbah | Companies Act
ZPC	Zunanji podporni center | External Support Centre
ZVISJV	Zakon o varstvu pred ionizirajočimi sevanji in jedrski varnosti | Ionising Radiation Protection and Nuclear Safety Act
ZJNVETPS	Zakon o javnem naročanju na vodnem, energetskem, transportnem področju in področju poštnih storitev | Act Regulating Public Procurement of Water, Energy, Transport and Postal Services