



ANNUAL REPORT

of ÚJV Řež, a. s.

2014



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Foreword by the Chairman of the Board of Directors

Dear shareholders, dear business partners and colleagues, dear friends.

The year 2014 was not an easy one for ÚJV Řež, a. s., as well as for the entire economy of the Czech Republic. Nevertheless, our company, company employees and company management have achieved good results. All factors, as set out by the shareholders for 2014, have been met. The main indicator “earnings before interests, taxes and depreciations” (so-called EBITDA) achieved 104%.

Our company invested, to the necessary extent, into the modernization of the production infrastructure to maintain, develop our competences and to be awarded new contracts.

In the field of professional education, a number of training courses, seminars and specialist lectures were arranged for company employees. Our specialists were again actively involved in a number of international research projects and successfully represented our company at specialist international seminars and conferences.

Social compliance forms an important part of our corporate strategy. The safety principles in all fields of company activity from nuclear up to environmental safety have been observed in the past year. We strive to be a good neighbour and sponsor. In our region, we support people with disabilities, activities of young people, and the municipality of Husinec-Řež, where we operate.

A reduction of investments in the energy sector of the Czech Republic forced us to develop business activities for foreign customers. In addition to previously concluded contracts, we received contracts in other countries, e.g. Turkey, China and Ukraine. We are negotiating further contracts with Jordanian, Pakistani, Italian and other potential customers.

In response to the foreseeable development in the field of European energy, our company has undertaken a significant reorganization, focused primarily on improving the efficiency and achieving savings in the field of overhead costs.

In conclusion, I would like to thank all of our employees who contributed to the successful achievement of the past year. At the same time, I thank our business partners for their trust and cooperation.



Ing. Karel Křížek, MBA
Chairman of the Board of Directors
ÚJV Řež, a. s.

Husinec-Řež, 27 April 2015

Foreseeable Development

ÚJV Řež, a. s., (hereinafter as "ÚJV Řež") remains specialised in the energy market segment. The priority in this segment is the field of nuclear energy, i.e. focusing on units in operation and new nuclear facilities under preparation.

The company also specializes in the conventional energy and heat sectors, including so-called small energy and renewable energy sources (RES).

A part of the business activities of ÚJV Řež will be permanently focused on the health segment in the field of the development and manufacturing of radiopharmaceuticals to increase the proportion of new products and to diversify the distribution channels.

In other segments, ÚJV Řež will aim to offer and apply its knowledge and experience gained and developed particularly in the energy segment, initially and primarily through selected established companies.

Adopted visions are the cornerstone and navigator for each further step of the company. They tell us what we want to be for our partners:

- **A company sought out by customers as well as employees,**
- **A dynamic and innovative company,**
- **A company working with top-quality advanced technologies,**
- **A company beneficial to its owners.**

We respect the tradition and reputation of our company, and we will keep the brand of ÚJV Řež, a. s. in esteem. At the same time, we reflect all changes that are happening around us – social and political changes, changes in legislation and, in particular, technological changes. We focus on the continuous improvement of technological equipment of the company, and on the implementation of innovative scientific and technological procedures.

Our missions are defined as three fields of activity essential to the company ÚJV Řež:

- To provide, both at the national and international levels, engineering, design, and analytical and scientific support to the operation and new construction of energy and nuclear installations.
- To provide complex and system scientific-research services, especially in the field of the utilization of nuclear energy and ionizing radiation sources.
- To be an expert authority and promoter in the field of nuclear energy and the utilisation of ionising radiation.

The company focuses on high competitiveness of our services, not only in the field of quality, but also in cooperating with suppliers in the field of speed of deliveries and the final price of our services. The company management makes every effort to enable ÚJV Řež to thrive and strengthen its position on the market.

Activities in the Area of Environmental Protection and Employment Relationships

ÚJV Řež implements and continuously upgrades its **Integrated Management System (IMS)** as required in generally binding regulations and international standards, specifically EN ISO 9001 (Quality Management System), EN ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System), while respecting the requirements stipulated by national and international standards (ČSN, ASTM, DIN, BS, etc.). Since 1998, everything has been audited by TÜV NORD Czech, s.r.o., an independent certification agency.

We keep improving the Quality Management System, focusing on the structures of management across the company by optimizing the setting of line, process and project management, and by improving the system of internal audits which are a valuable source of feedback.

In the field of **occupational safety and health protection** management, we increase the company's safety culture, manifested by the very low parameter of accident frequency rate as well as standard observance of all basic safety indicators.

On a long-term basis, the field of safety and protection against risks at work (OSH) is one of the main pillars within the implementation of the safety culture of the company. Systematic and methodical conditions for the activities and processes running in ÚJV Řež, including supervisory mechanisms, have been created.

The entire OSH system is based on risk identification and assessment. The main objective is to create a safe environment and conditions while meeting the legislative requirements and the requirements laid down by state supervisory bodies.

We are a responsible manager in **environmental** management. We assess risks and minimize impacts of manufacturing and research activities on the environment. This commitment was anchored in the integrated corporate policy. This especially involves the reduction of emissions of hazardous substances (radioactive, gaseous emissions, water pollution) and the reduction of energy consumption. The company controls and monitors activities which, on the basis of identification and evaluation, have a significant impact on the environment.

Each year we set goals with clearly defined steps that lead to a reduction of the environmental impact of identified activities.

Energy consumption is one of the fields subject to careful attention. Based on conclusions of the energy audit carried out in 2011, we gradually implement projects to reduce energy consumption. Their importance is highlighted by their inclusion among monitored activities in the company.

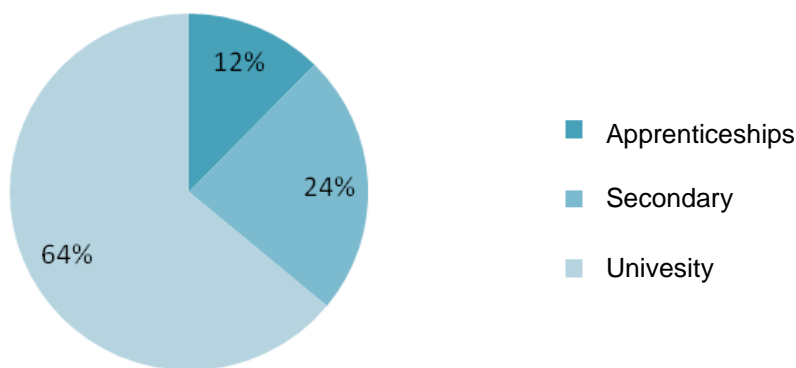


Another important aspect is the reduction and sorting of produced waste. We keep succeeding in increasing the share of sorted waste and waste transferred for recycling such as plastics, paper and glass.

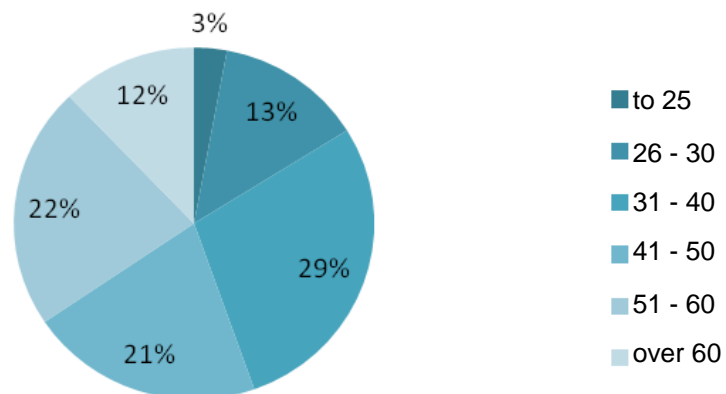
It was crucial for the development in the field of **human resources** that we successfully started the implementation of the new human resources information system, which in 2015 should give the employees, and particularly the management, comfortable access to the personnel information as well as easing HR work. At the end of 2014, ÚJV Řež employed 682 persons.

The implemented system of employee performance management and evaluation, which helped the company in achieving the goals set out for 2014, has proved successful. At the same time, the system helped to increase employee involvement to achieve the planned outcomes and to strengthen the sense of responsibility towards the company.

Education structure



Age structure



In terms of structure, a sustainable trend of employee rejuvenation is apparent, while maintaining high educational potential. In 2014, ÚJV Řež employed 64% persons with a university education, with the strongest employee group, compared to past years, in the range from 31 to 40 years, specifically 29% of employees.

We have paid great attention to **personnel education and development**. In 2014, ÚJV Řež invested approximately CZK 2.5 million in this field.

Research and Development

Since its foundation, ÚJV Řež has been one of the significant institutions in the European Research Area. We contribute to the development of the European Research Area and participate in projects concentrated on tasks related to the issues of long-term sustainable power industry.

Our company mainly concentrates its activities on services for operators and manufacturers of power installations, primarily nuclear power plants. Our engagement in research and development on an international scale is significant, particularly in the 7th Framework Program (FP) concentrated on nuclear fission (EURATOM) and in other international projects of IAEA and OECD/NEA aimed at improving the safety of nuclear power plants with VVER reactors.

For the purpose of greater concentration and a more efficient management of research and development, the sphere of action of ÚJV Řež includes research subsidiary companies – Výzkumný a zkušební ústav Plzeň s.r.o. (Research and Testing Institute Plzeň, Ltd.), in the field of research and testing of installations in power industry and transportation systems, as well as Centrum výzkumu Řež s.r.o. (Research Centre Rez, Ltd.), for research and development activities in the nuclear energy sector.

ÚJV Řež has a large experimental platform at its workplaces to address all the research projects. As part of its research and development activities, our company is currently the member of a number of European technology platforms, consortia, and expert professional networks, both within the European Union and in a broader international context.

Report on the Business Activities and Balance of Capital of ÚJV Řež for 2014

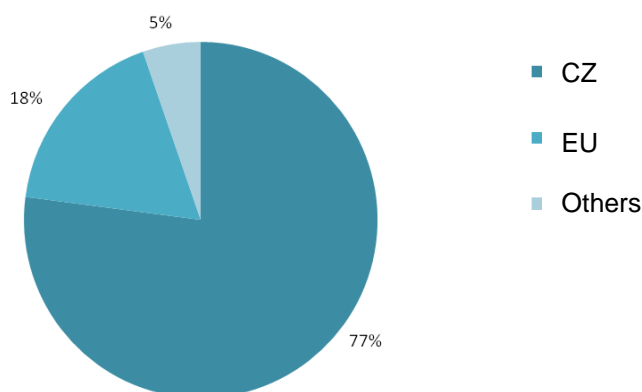
Operations of the Company

ÚJV Řež met its financial plan for 2014 in the EBITDA indicator to 104%, also due to commenced reorganization and savings in the field of overhead costs. However, the objective of all the implemented economy measures is to increase business efficiency in the EBITDA indicator for 2015 to the level of CZK 211.2 million, as expected by shareholders.

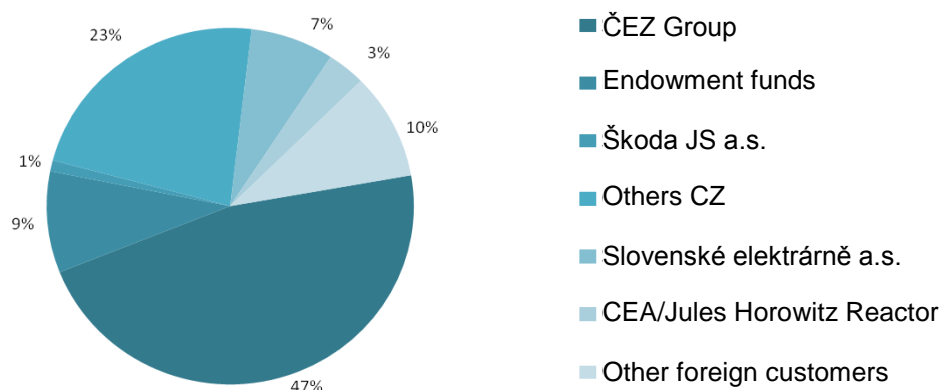
As was the case in the previous years, the company's operations are directed towards the fields of supporting design, construction, operation, and the safety of power installations, especially nuclear power installations. Activities associated with material research and the field of diagnostic radiopharmaceuticals, in particular FDG, continued to hold an important position.

The Czech Republic (CR) remains the main market of ÚJV Řež, however the company aims at extending its cooperation with existing partners, in particular in Slovakia and with new foreign partners in Eastern Europe and Asia. In 2014, the company achieved 23% of turnover abroad.

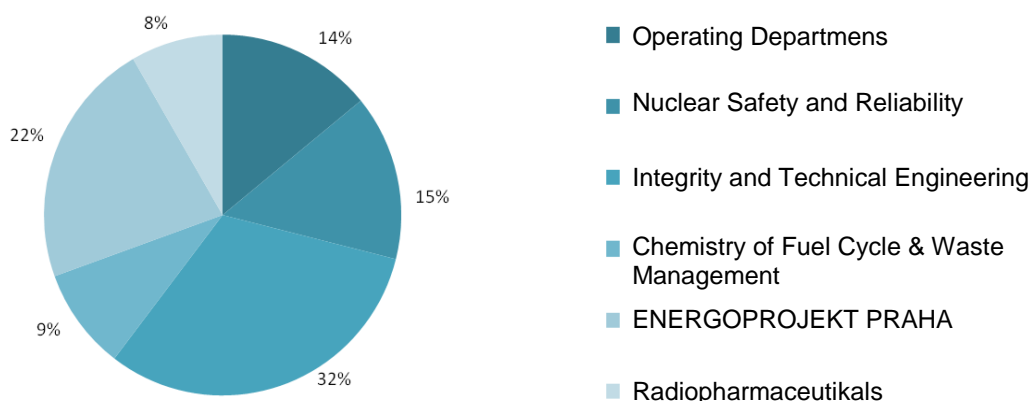
Division of operations revenues by regions in 2014



Distribution of operations revenues of ÚJV Řež by customers in 2014



Share of total operations revenues on individual departments in 2014



Structure of Assets and Capital

The value of the company's total assets in the reference year decreased on an interim basis by CZK 58.9 million to CZK 2,279.5 million. Non-current assets decreased by CZK 18.6 million particularly due to the disposal or sale of unnecessary fixed assets. The main decrease is in the field of current assets by CZK 39.8 million, which was caused by a decline in short-term receivables by CZK 32.9 million and current financial assets by CZK 40.4 million. On the other hand, reserves increased by CZK 33.5 million in particular in the field of work in process. Other assets decreased by CZK 0.5 million.

A change in the structure of liabilities occurred in equity capital, with its total amount of CZK 1,271.7 million. The equity capital increased by CZK 62.0 million thanks to the achieved profit in 2014. Liabilities decreased by CZK 128.3 million, which is composed of loan and long-term debt repayments by CZK 12.1 million, decrease in short-term debts by CZK 113.0 million, and also decrease in reserves by CZK 3.2 million. Other liabilities increased by CZK 7.2 million due to accrued revenues from invoiced contracts.

Investment Projects

The most significant investment projects in 2014 included:

Reconstruction of Hot and Semi-hot Cells

The reconstruction of hot and semi-hot cells prolonged their efficient service life, which enabled the company, among others, to provide highly specialized services in the field of service life assessment of nuclear facilities in nuclear power plants and to acquire new contracts in the next years. A total of CZK 80 million was invested



in the recovery of hot and semi-hot cells in the period between 2012 and 2014. At the same time, grant funds under the Potential Programme in the amount of CZK 22.9 million was received in 2014.

Facility for thickening liquid radioactive waste

This is one of the completed significant investments. The facility was acquired between 2013 and 2014 with total investment expenses amounting to CZK 22.1 million and received grant funds in the amount of CZK 8.4 million.

The decrease in investments in 2014 compared to past years was caused not only by a significant amount of received grant funds but also by shifting planned investments in the reconstruction of buildings on the premises and the infrastructure over a period of years to come. The year 2014 was devoted to preparing the design documentation and to tenders to select a supplier. These particularly include the reconstruction of service structures at the premises of the company.

Ownership Interests of ÚJV Řež, a. s.

The company ÚJV Řež, has capital share in business of the companies, the business activities of which relate to research and development, design and engineering services, manufacturing of special products and/or equipment, and expert activities in the energy sector, industry, and the health sector.

ÚJV Řež has capital share in the business activities of the following companies:

- Centrum výzkumu Řež s.r.o.
- EGP INVEST, spol. s r.o.
- Ústav aplikované mechaniky Brno, s.r.o.
- Výzkumný a zkušební ústav Plzeň s.r.o.
- Nuclear Safety & Technology Centre s. r. o.
- ENERGOPROJEKT SLOVAKIA a.s.



Financial Statements as of 31 December 2014

ÚJV Řež, a. s. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year	Prior year 2013
TOTAL EQUITY & LIABILITIES		2,279,484	2,338,420
A.	EQUITY	1,271,667	1,209,639
A. I.	Basic capital	524,139	524,139
A. I. 1	Registered capital	524,139	524,139
2	Own shares and own ownership interests (-)		
3	Changes in basic capital		
A. II.	Capital funds	85,149	85,149
A. II. 1	Share premium (agio)		
2	Other capital funds	85,149	85,149
3	Gain or loss on revaluation of assets and liabilities		
4	Gain or loss on revaluation of corporation transformations		
5	Gain or loss on corporation transformations		
6	Gain or loss on revaluation upon corporation transformations		
A. III.	Funds created from profit	250,067	271,531
A. III. 1	Legal reserve fund	90,024	86,038
2	Statutory and other funds	160,043	185,493
A. IV.	Profit (loss) for the previous years	350,285	284,832
IV. 1	Retained earnings for the previous years	350,285	284,832
2	Accumulated loss of previous years		
3	Other retained earnings for previous years		
A. V. 1	Profit (loss) for the year (+ / -)	62,027	63,988
A. V. 2	Approved decision on advances for profit distribution (-)		
B.	LIABILITIES	974,140	1,102,418
B. I.	Provisions	539,157	642,281
B. I. 1	Provisions created under special legislation	103,621	140,727
2	Provision for pensions and similar obligations		
3	Provision for corporate income tax		
4	Other provisions	435,536	401,554
B. II.	Long-term liabilities	16,822	18,191
B. II. 1	Trade payables		18,191
2	Liabilities to group companies with majority control	16,822	
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners		
5	Long-term advances received		
6	Bonds payable		
7	Long-term notes payable		
8	Unbilled deliveries		
9	Other liabilities		
10	Deferred tax liability		
B. III.	Current liabilities	371,961	485,022
B. III. 1	Trade payables	180,060	252,978
2	Liabilities to group companies with majority control	3,698	
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners		2,259
5	Liabilities to employees	25,891	26,884
6	Liabilities arising from social security and health insurance	12,566	15,374
7	Due to government – taxes and subsidies	41,744	17,788
8	Short-term advances received	507	569
9	Bonds payable		
10	Unbilled deliveries	106,679	168,326
11	Other liabilities	816	844
B. IV.	Bank loans and borrowings	48,200	56,022
B. IV. 1	Long-term bank loans	35,000	11,200
2	Short-term bank loans	11,200	45,722
3	Borrowings		
C. I.	Accrued liabilities and deferred assets	33,687	26,365
C. I. 1	Accruals	27	58
2	Deferred income	33,660	26,307

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
20. 2. 2015	Ing. Miroslav Horák, MBA	Ing. František Pírek, MBA	Ivana Kušnířová tel. 266173638

The accompanying notes are an integral part of the financial statements.



ÚJV Řež, a.s. as at 31 December 2014
Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year	Prior year 2013
I.	Revenue from sale of goods		
A.	Cost of goods sold		
+	Gross margin	0	0
II.	Production	1,137,024	1,316,700
II. 1	Revenue from sale of finished products and services	1,075,626	1,285,046
2	Change in inventory produced internally	51,989	20,074
3	Own work capitalized	9,409	11,580
B.	Production related consumption	482,605	712,358
B. 1	Consumption of material and energy	85,756	87,027
B. 2	Services	396,849	625,331
+	Value added	654,419	604,342
C.	Personnel expenses	572,483	588,053
C. 1	Wages and salaries	416,147	427,318
C. 2	Bonuses to members of corporation management	8,879	3,353
C. 3	Social security and health insurance	133,926	143,225
C. 4	Other social costs	13,531	14,159
D.	Taxes and charges	3,262	3,300
E.	Amortization and depreciation of intangible and tangible fixed assets	86,614	83,035
III.	Revenue from sale of intangible and tangible fixed assets and materials	15,372	20,558
III. 1	Revenues from sale of intangible and tangible fixed assets	13,192	17,289
2	Revenue from sale of materials	2,180	3,267
F.	Net book value of intangible and tangible fixed assets and materials sold	6,791	14,943
F. 1	Net book value of intangible and tangible fixed assets sold	4,671	11,290
F. 2	Materials sold	2,120	3,653
G.	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	59,887	(9,746)
IV.	Other operating revenues	147,943	166,168
H.	Other operating expenses	23,207	27,187
V.	Transfer of operating revenues		
I.	Transfer of operating expenses		
*	Profit or loss on operating activities	65,490	65,204
VI.	Revenue from sale of securities and interests		
J.	Securities and interests sold		
VII.	Income from financial investments	0	506
VII. 1	Income from subsidiaries and associates		
2	Income from other long-term securities and interests		506
3	Income from other financial investments		
VIII.	Income from short-term financial assets		
K.	Expenses related to financial assets		
IX.	Gain on revaluation of securities and derivatives		
L.	Loss on revaluation of securities and derivatives		
M.	Change in provisions and allowances relating to financial activities		
X.	Interest income	1,007	1,258
N.	Interest expense	1,039	1,813
XI.	Other finance income	5,519	22,694
O.	Other finance cost	2,759	12,929
XII.	Transfer of finance income		
P.	Transfer of finance cost		
*	Profit or loss on financial activities	2,728	9,716

The accompanying notes are an integral part of the financial statements.





ÚJV Řež, a.s. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year	Prior year 2013
Q.	Tax on profit or loss on ordinary activities	6,191	32,022
Q. 1	- due	14,369	35,456
Q. 2	- deferred	(8,178)	(3,434)
**	Profit or loss on ordinary activities after taxation	62,027	63,988
XIII.	Extraordinary gains		
R.	Extraordinary losses		
S.	Tax on extraordinary profit or loss	0	0
S. 1	- due		
S. 2	- deferred		
*	Extraordinary profit or loss	0	0
T.	Transfer of share of profit or loss to partners (+/-)		
***	Profit or loss for the year (+/-)	62,027	63,988
****	Profit or loss before taxation	68,218	96,010

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
20. 2. 2015	Ing. Miroslav Horák, MBA	Ing. František Pírek, MBA	Ivana Kušnírová tel. 266173638

The accompanying notes are an integral part of the financial statements.





ÚJV Řež, a.s. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)
(Translation of financial statements originally issued in Czech - see Note 2 to the financial statements)

Appendix 1

CASH FLOW STATEMENT

For the years ended 31 December 2014

		Current year	Prior year 2013
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	68,218	96,010
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	135,861	67,340
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	86,814	83,035
A. 1. 2.	Change in allowances	23,816	(533)
A. 1. 3.	Change in provisions	34,120	(9,212)
A. 1. 4.	Foreign exchange differences		
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(8,521)	(5,999)
A. 1. 6.	Interest expense and interest income	32	555
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)		(508)
A*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	204,079	163,350
A. 2.	Change in non-cash components of working capital	(156,518)	82,057
A. 2. 1.	Change in inventory	(51,175)	(22,177)
A. 2. 2.	Change in trade receivables	51,412	42,054
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	(31,386)	9,743
A. 2. 4.	Change in trade payables	(91,109)	46,360
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	(34,260)	6,077
A**	Net cash from operating activities before taxation, interest paid and extraordinary items	47,561	245,407
A. 3. 1.	Interest paid	(1,039)	(1,813)
A. 4. 1.	Tax paid	(23,117)	(34,359)
A. 5. 1.	Gains and losses on extraordinary items		
A***	Net cash provided by (used in) operating activities	23,405	209,235
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	(71,882)	(179,616)
B. 2. 1.	Proceeds from sale of fixed assets	13,192	17,289
B. 3. 1.	Loans granted	6,988	(41,423)
B. 4. 1.	Interest received	1,007	1,258
B. 5. 1.	Dividends received		506
B***	Net cash provided by (used in) investing activities	(50,705)	(201,988)
Cash flows from financing activities			
C. 1. 1.	Change in long-term liabilities and long-term, resp. short-term, loans	(12,980)	(51,396)
C. 2. 1.	Effect of changes in basic capital on cash		
C. 2. 2.	Profit shares paid		
C. 2. 3.	Effect of other changes in basic capital on cash		
C***	Net cash provided by (used in) financing activities	(12,980)	(51,396)
F.	Net increase (decrease) in cash	(40,280)	(44,147)
P.	Cash and cash equivalents at beginning of year	339,972	384,119
R.	Cash and cash equivalents at end of year	299,692	339,972

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
20. 2. 2015	Ing. Miroslav Horák, MBA	Ing. František Pírek, MBA	Ivana Kušnířová tel. 266173638



ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

1. DESCRIPTION OF THE COMPANY

ÚJV Řež, a. s. ("the Company") is a joint stock company incorporated on 31 December 1992 in the Czech Republic. The Company's registered office is located at Hlavní 130, Husinec – Řež, 250 68, Czech Republic and the business registration number (IČ) is 46356088. The Company is involved in activities comprising design, siting, expert assessments, manufacturing, construction, commissioning, operation, repairs, maintenance, overhauls and decommissioning of nuclear facilities in accordance with the Act No. 18/97 Coll.

As of 29 August 2012, the Company changed its name from Ústav jaderného výzkumu Řež a.s. to ÚJV Řež, a. s.

Shareholders holding an interest in the Company's basic capital are as follows:

ČEZ, a. s.	52.46%
Slovenské elektrárne, a. s., Slovak Republic	27.77%
ŠKODA JS a. s.	17.39%
Husinec municipality	2.38%

The parent company is ČEZ, a.s.

The Company is included in the consolidation group of the parent company and the accompanying financial statements have been prepared as separate financial statements. Consolidated financial statements have been prepared by the parent company, ČEZ, a. s.

In addition, the Company is the parent company of the ÚJV Řež Group. In accordance with the valid Czech accounting legislation, the Company is exempt from the obligation to prepare consolidated financial statements in accordance with Czech GAAP; however, the consolidated financial statements prepared by the parent company will be published in the Commercial Register's Collection of Deeds.

The Company has concluded neither a control agreement nor an agreement on profit distribution with the parent company.

Members of the statutory bodies as at 31 December 2014 were as follows:

Board of Directors (Statutory Representatives)	
Chair:	Ing. Karel Křížek, MBA
Vice-chair:	Ing. Miroslav Horák, MBA
Vice-chair:	Ing. František Pírek, MBA
Member:	Ing. Karel Blíža
Member:	Ing. Vladimír Stratil, MBA

Supervisory Board	
Chair:	Ing. Ladislav Štěpánek
Member:	Ing. Vladivoj Řezník
Member:	Ing. Peter Bodnár
Member:	JUDr. Oto Kunz, CSc.
Member:	JUDr. Marek Šlégl
Member:	Ing. Pavel Král
Member:	JUDr. Michaela Chaloupková, MBA
Member:	Ing. Dávid Hajmán
Member:	Ing. Petr Zlámal

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

The following changes were made to the Commercial Register entry in 2014:

Board of Directors' member Ing. František Pírek, MBA, was elected as the Board's vice-chair with effect from 15 July 2014.

Mgr. A. Laciok resigned from his position as member of the Supervisory Board on 7 March 2014 and was replaced by JUDr. M. Chaloupková, MBA. The term of office of Ing. P. Bodnár expired on 3 June 2014; the terms of office of Ing. P. Kadeček and JUDr. V. Kyrál expired on 24 June 2014.

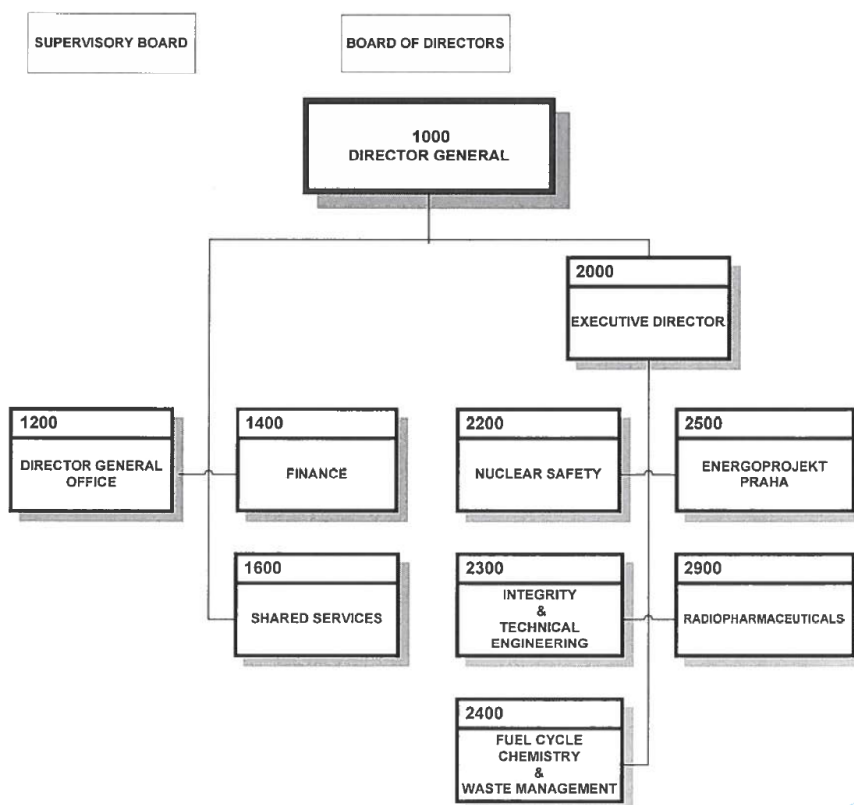
The General Meeting of Shareholders held on 26 June 2014 reelected Ing. Peter Bodnár as member of the Supervisory Board while JUDr. Michaela Chaloupková, MBA, Ing. Dávid Hajmán and Ing. Petr Zlámal were elected as new members.

The Company was unable to obtain the approval of amended articles of association from the General Meeting of Shareholders by 31 December 2014, as required by Act No. 89/2012 Coll.

The Company has no foreign branch.

On 8 July 2013, the Company established a permanent establishment in Slovakia.

The Company's organizational structure is as follows:



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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying (separate) financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2014 and 2013.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2014 and 2013 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets with a cost from CZK 20 thousand to CZK 60 thousand in 2014 and 2013 are amortized over their useful economic lives of 2 years.

Intangible fixed assets with a cost exceeding CZK 60 thousand in 2014 and 2013 are amortized over their useful economic lives of 5 years or as per contract.

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	2 - 5
Patents, royalties and similar rights	per contract

b) Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs.

Internally-developed tangible fixed assets are recorded at their accumulated cost, which consist of direct material costs, personnel expenses, services and operating overheads (or portion of administrative costs). Interest and other financial expenses incurred in the construction of tangible fixed assets are charged to income in accordance with the decision of Company's management.

Purchased tangible fixed assets with a cost from CZK 20 thousand to CZK 40 thousand in 2014 and 2013 are depreciated over their useful economic lives of 2 years.

Purchased tangible fixed assets with a cost exceeding CZK 40 thousand in 2014 and 2013 are depreciated over their useful economic lives.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded with a corresponding credit to the 'Other capital funds account' on the date of acquisition.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





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Financial Statements for the year ended 31 December 2014

The replacement cost of these assets is based on its purchase price. In the case of donations from abroad, the replacement cost is determined at the level of the customs value; it is a statistical value based on a uniform customs declaration for countries outside the EU.

Government subsidies contributed towards the acquisition of tangible fixed assets are deducted from the cost of the related asset.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

Any gain or loss on the revaluation of acquired property represents the difference between the valuation of an enterprise acquired by contribution and the aggregate of individually revalued asset components in accounting of a contributing accounting entity, net of assumed liabilities.

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Constructions	25 - 50
Machinery and equipment	2 - 12
Vehicles	6 - 8
Furniture and fixtures	2 - 17
Gain or loss on revaluation of acquired property	15

c) Financial Assets

Short-term financial assets consist of liquid valuables, cash in hand and at bank and other available-for-sale securities.

Long-term financial assets consist of ownership interests, available-for-sale securities and interests.

Available-for-sale securities and interests are securities and interests that are a held-for-trading security or a held-to-maturity security or ownership interest.

Interests and securities are valued at their acquisition cost, which includes the purchase price and direct costs related to the acquisition, e.g. fees and commissions paid to agents and stock exchanges.

If there is a decrease in the carrying value of long-term financial assets that are not revalued at the balance sheet date, the difference is considered a temporary diminution in value and is recorded as an allowance.

d) Inventory

Purchased inventory is stated at actual cost being determined using the weighted average method. Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Work-in-progress (stage of completion) is valued at direct cost. The cost of inventory produced internally includes direct material costs, services, personnel expenses and operating overhead costs. Operating overhead costs include actual overheads and are allocated on the basis of calculation by reference to the actual costs of the previous year.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





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Financial Statements for the year ended 31 December 2014

e) Receivables

Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Changes in the allowance account are charged to current year income.

The Company determines the allowance against doubtful receivables based on an analysis of customers' ability to pay:

20% of amount of receivables overdue 90-180 days;
50% of amount of receivables overdue 180-365 days;
100% of amount of receivables overdue more than 365 days.

f) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Municipal Court. Other capital funds consist of monetary and non-monetary contributions in excess of basic capital, tangible assets donations etc.

In the first year in which profit was generated, a joint-stock company allocated 20% of profit after tax (however, not more than 10% of basic capital) to the legal reserve fund. In subsequent years, the legal reserve fund is allocated 5% of profit after tax until the fund reaches 20% of basic capital. These funds can only be used to offset losses.

In accordance with its Articles of Association, the Company further creates a legal reserve fund for research and development; it is created from profit pursuant to the General Meeting decision. Any use of the fund is subject to the approval of the research project by the General Meeting. Internal research projects approved by Board of Directors after prior approval of Supervisory Board are financed from the fund.

g) Provisions and Liabilities

The Company creates legal provisions in accordance with the Act on Provisions and provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values.

Short-term and long-term loans are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

h) Leases

The Company has no tangible fixed assets held under finance leases. The Company leases personal automobiles under operating leases. The Company records leased assets by expensing the lease payments. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

i) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at a fixed rate set on the last day of the preceding quarter. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to income for the year.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





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Financial Statements for the year ended 31 December 2014

j) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

k) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Long-term business contracts are accounted for according to the completed contract method (or as specified in the contract, for example using progress billing).

l) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.).

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

m) Subsidies

The Company is a recipient of subsidies for investment purposes and for maintaining the Company's operations; grant-paying bodies include the European Union and government, particularly the Ministry of Industry and Trade and the Technology Agency of the Czech Republic. Received subsidies are recognized in the period to which they relate using the other revenues account.

n) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





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Financial Statements for the year ended 31 December 2014

4. FIXED ASSETS**a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Contribution made to subsidiary	Disposals	Transfers	At end of year
Software	131,849	-	(329)	(3,152)	12,495	140,863
Patents, royalties and similar rights	866	-	-	-	-	866
Intangibles in progress	9,265	12,794	-	-	(12,495)	9,564
Advances for intangibles	-	1,360	-	(766)	-	594
2014 Total	141,980	14,154	(329)	(3,918)	-	151,887
2013 Total	129,907	14,995	-	(2,922)	-	141,980

ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Contribution made to subsidiary	Disposals	At end of year	Net book value
Software	(90,333)	(12,024)	255	3,152	(98,950)	41,913
Patents, royalties and similar rights	(66)	(18)	-	-	(84)	782
Intangibles in progress	-	-	-	-	-	9,564
Advances for intangibles	-	-	-	-	-	594
2014 Total	(90,399)	(12,042)	255	3,152	(99,034)	52,853
2013 Total	(82,085)	(11,239)	-	2,925	(90,399)	51,581

Patents, royalties and similar rights are amortized over their useful lives as specified in the relevant contracts.

As at 31 December 2014 and 2013, the total value of small intangible fixed assets, which are not reflected in the accompanying balance sheet, was CZK 9,022 thousand and CZK 8,983 thousand at acquisition cost, respectively.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

b) Tangible Fixed Assets (in CZK thousands)**COST**

	At beginning of year	Additions	Contribution made to subsidiary	Disposals	Transfers	At end of year
Land	12,941	-	-	(73)	-	12,868
Constructions	896,941	-	-	(5,847)	30,586	921,680
Machinery and equipment	921,525	-	(59,959)	(26,124)	70,865	906,307
Vehicles	25,295	-	(13)	(655)	7,911	32,538
Furniture and fixtures	5,841	-	-	(58)	-	5,783
Other small tangibles	58,578	-	(1,586)	(2,653)	1,727	56,066
Other tangibles	76	-	-	-	-	76
Tangibles in progress	133,733	10,984	-	-	(110,626)	34,091
Advance payments for tangible fixed assets	50	6,229	-	-	(463)	5,816
Gain or loss on revaluation of acquired property	(3,657)	-	-	-	-	(3,657)
2014 Total	2,051,323	17,213	(61,558)	(35,410)	-	1,971,568
2013 Total	1,922,640	192,813	-	(64,130)	-	2,051,323

ACCUMULATED DEPRECIATION

	At beginning of year	Depreciation during year	Cost of sales	Contribution made to subsidiary	Disposals	At end of year	Allowances	Net book value
Land	-	-	-	-	-	-	-	12,868
Constructions	(390,794)	(18,457)	(4,580)	-	5,847	(407,984)	-	513,696
Machinery and equipment	(581,926)	(51,668)	(51)	39,903	26,124	(567,618)	-	338,689
Vehicles	(21,412)	(966)	(2)	13	655	(21,712)	-	10,826
Furniture and fixtures	(1,978)	(340)	-	-	58	(2,260)	-	3,523
Other small tangibles	(51,893)	(3,385)	(38)	1,574	2,653	(51,089)	-	4,977
Other tangibles	(76)	-	-	-	-	(76)	-	-
Tangibles in progress	-	-	-	-	-	-	-	34,091
Advance payments for tangible fixed assets	-	-	-	-	-	-	-	5,816
Gain or loss on revaluation of acquired property	2,722	244	-	-	-	2,966	-	(691)
2014 Total	(1,045,357)	(74,572)	(4,671)	41,490	35,337	(1,047,773)	-	923,795
2013 Total	(1,001,543)	(71,798)	(9,105)	-	37,089	(1,045,357)	(7,731)	998,235

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The accompanying balance sheet and income statement are an integral part of the financial statements.





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Financial Statements for the year ended 31 December 2014

The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 44,713 thousand and CZK 44,906 thousand at acquisition cost as at 31 December 2014 and 2013, respectively.

In 2011 the Company adjusted the carrying value of certain tangible assets for a diminution in value through an allowance charged against income (see Note 7). These assets included assets related to the Iridium project that were not yet put in use. An allowance of CZK 7,731 thousand recognized as at 31 December 2013 was reversed in 2014 due to a failed investment.

Gain or loss on revaluation of acquired property of CZK 3,657 thousand arose from the contribution by Energoprojekt Praha, s.r.o., to the Company in 2002. Depreciation in respect of this adjustment to acquired property of CZK 244 thousand and CZK 244 thousand was charged against or recognized into income, as appropriate, in 2014 and 2013, respectively.

The Company established a legal provision for major repairs relating to extraordinary overhauls or repairs of tangible fixed assets. Additions to this provision are based on annual estimates of the cost of the next overhaul or repair and on the time remaining until the next overhaul or repair (see Note 11).

In 2014 and 2013, the Company used subsidies to acquire tangible fixed assets of CZK 57,238 thousand and CZK 14,514 thousand, respectively.

As at 31 December 2014 and 2013, assets (buildings and land) with the original cost of CZK 74 thousand and CZK 67,790 thousand, respectively, and net book value of CZK 74 thousand and CZK 65,973 thousand, respectively, were pledged as security for a loan from Raiffeisenbank a.s. (see Note 0).

As at 31 December 2014 and 2013, assets (buildings and land) with the original cost of CZK 272,158 thousand and CZK 269,936 thousand, respectively, and net book value of CZK 132,830 thousand and CZK 145,662 thousand, respectively, were pledged as security for a loan from Komerční banka, a.s. (see Note 0).

As at 31 December 2014 and 2013, assets (buildings, land and receivables) with the original cost of CZK 35,926 thousand and net book value of CZK 22,243 thousand and with the original cost of CZK 76,867 thousand and net book value of CZK 48,422 thousand were pledged as security for a loan from Česká spořitelna a.s. (see Note 0).

The easements recorded in the Real Estate Register related to the Company were as follows:

Cadstral Office, Husinec u Řeže:

- 1) Line maintenance and repairs of liquid nitrogen networks and pipeworks, plots of land No. 241/35, 241/12 and 241/5
- 2) Right to establish and operate gas facilities, including its accessories, right to enter and drive in concerning establishment, modifications, repairs and operation within the specified extent for RWE GasNet, s.r.o.: Klíšská 940/96, 401 17 Ústí nad Labem, plots of land no. 345/49 and no. 345/50;
- 3) Easement of suffering free passage (walking and driving) in a building and by means of all vehicles in a plot no. 683, no. 345/49, 345/50, and 345/39;
- 4) Easement of suffering free passage (walking and driving) in a building, plot No. 623, 283/7, 898, 283/42 and 857

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The accompanying balance sheet and income statement are an integral part of the financial statements.





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Financial Statements for the year ended 31 December 2014

Cadastral Office, Staré Brno:

1. Street lighting easement, access for the purpose of performing repairs and maintenance, Technické sítě Brno, a.s., Barviřská 822/5, Zábřovice, 60200 Brno, plots of land No. 380/39 and 380/45

2. Easement of suffering free passage (walking) to public space of a building, plots of land No. 380/37, 380/38, 380/39, 380/41, 380/42 and 380/45

Cadastral Office, Plzeň:

1. Easement concerning location and operation of electricity grid, ČEZ distribuce, a. s., Teplická 874/8, Děčín IV- Podmokly, 40502, plot of land No. 9083.

c) Long-Term Financial Investments (in CZK thousands)

Summary of changes in long-term financial investments:

	Balance as at 01/ 01/ 2013	Additions	Disposals	Balance as at 31/ 12/ 2013	Additions	Disposals	Balance as at 31/ 12/ 2014
Subsidiaries	284,334	-	-	284,335	63,784	-	348,119
Associates	1,053	-	-	1,053	-	-	1,053
Other long-term securities and interests	1,311	-	-	1,311	-	-	1,311
Loans to subsidiaries and associates	22,532	42,425	(1,002)	63,955	35,300	(42,268)	56,987
Long-term investments in progress	-	2,288	-	2,288	42,071	(44,359)	-
Allowances	(973)	-	-	(973)	-	-	(973)
Total	308,257	44,714	(1,002)	351,969	141,155	(86,627)	406,497

Financial investments are valued at costs.

The allowance in amount of TCZK 973 was established against the securities of ENERGOPROJEKT Slovakia a.s. stated in the row Associates.



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The accompanying balance sheet and income statement are an integral part of the financial statements.



ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

Subsidiaries and associates as at 31 December 2014 were as follows (in CZK thousands):

Name	Ústav aplikované mechaniky Brno, s.r.o.	Centrum výzkumu Řež s.r.o.	Výzkumný a zkušební ústav Plzeň s.r.o.	EGP INVEST, spol. s r.o.
Registered office	Resslova 972/3, 602 00 Brno	Husinec – Řež no. 130 250 68	Tylova 1581/46 301 00 Plzeň	Antonína Dvořáka 1707, 688 01 Uherský Brod
Percentage of ownership	100	100	100	100
Total assets	71,632	1,103,003	88,624	147,777
Equity	49,889	333,757	79,232	78,298
Basic capital and capital funds	6,568	382,984	35,771	313
Funds created from profit	24,098	454	35,575	5,404
Retained earnings	14,851	(50,280)	3,790	56,806
Profit/loss for the current year	4,371	599	4,096	15,774
Acquisition cost of share/interest	6,175	165,362	40,000	72,798
Nominal value of share / interest	6,175	165,362	40,000	72,798
Intrinsic value of share/interest	46,948	255,451	75,137	63,122
Dividends received during the year	-	-	-	-

Name	Nuclear Safety & Technology Centre s.r.o.	ENERGOPROJEKT Slovakia a.s.
Registered office	Husinec – Řež no. 130 250 68	Cintorínska 5 Nitra, 949 01 Slovak Republic
Percentage of ownership	40	34
Total assets	1,374	20,084
Equity	366	12,785
Basic capital and capital funds	200	920
Funds created from profit	8	184
Retained earnings	148	10,875
Profit/loss for the current year	11	806
Acquisition cost of share/interest	80	973
Nominal value of share / interest	80	-
Intrinsic value of share/interest	142	4,351
Dividends received during the year	-	-

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

Subsidiaries and associates as at 31 December 2013 were as follows (in CZK thousands):

Name	Ústav aplikované mechaniky Brno, s.r.o.	Centrum výzkumu Řež s.r.o.	Výzkumný a zkušební ústav Plzeň s.r.o.	EGP INVEST, spol. s r.o.
Registered office	Resslova 972/3 602 00 Brno	Husinec – Řež no. 130 250 68	Tylova 1581/46 301 00 Plzeň	Antonína Dvořáka 1707, 688 01 Uherský Brod
Percentage of ownership	100	100	100	100
Total assets	73,882	1,047,291	91,617	140,742
Equity	46,948	255,451	75,137	63,122
Basic capital and capital funds	6,568	305,277	35,771	300
Funds created from profit	23,927	439	30,757	5,649
Retained earnings	11,601	-50,565	3,790	31,671
Profit/loss for the current year	4,850	299	4,819	25,502
Acquisition cost of share/interest	6,175	165,362	40,000	72,798
Nominal value of share / interest	6,175	165,362	40,000	72,798
Intrinsic value of share/interest	46,948	255,451	75,137	63,122
Dividends received during the year	-	-	-	-

Name	Nuclear Safety & Technology Centre s.r.o.	ENERGOPROJEKT Slovakia a.s.
Registered office	Husinec – Řež no. 130 250 68	Cintorínska 5 Nitra, 949 01 Slovak Republic
Percentage of ownership	40	34
Total assets	1,590	18,579
Equity	356	12,796
Basic capital and capital funds	200	910
Funds created from profit	8	182
Retained earnings	143	9,607
Profit/loss for the current year	5	2,096
Acquisition cost of share/interest	80	973
Nominal value of share / interest	80	-
Intrinsic value of share/interest	142	4,351
Dividends received during the year	-	350

Financial information about these companies in 2014 and 2013 was obtained from the companies' standalone unaudited financial statements.



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The accompanying balance sheet and income statement are an integral part of the financial statements.



ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

5. INVENTORY

Work-in-progress has been written down to its estimated net realizable value by an allowance account. The allowance is determined by management based on profitability assessment of unfinished projects (see Note 7).

6. RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income based on the ageing analysis of receivable balances in 2014 and 2013, respectively (see Note 7).

As at 31 December 2014 and 2013, receivables overdue for more than 365 days totaled CZK 24,172 thousand and CZK 23,083 thousand, respectively.

The Company wrote off irrecoverable receivables of CZK 411 thousand and CZK 13 thousand in 2014 and 2013, respectively due to cancellation of bankruptcy proceedings, unsatisfying the claims in bankruptcy proceedings, etc.

As at 31 December 2014, receivables secured by collateral or guarantees consisted of the following (in CZK thousands):

Receivables	Amount	Description of collateral or guarantee
Short-term	7,841	Loan contract collateral

Long-term trade receivables totaled CZK 8,000 thousand and CZK 16,200 thousand as at 31 December 2014 and 2013, respectively.

Receivables from related parties (see Note 20).

7. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 4, 5 and 6).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 01/ 01/ 2013	Additions	Deductions	Balance as at 31/ 12/ 2013	Additions	Deductions	Balance as at 31/ 12/ 2014
Tangible fixed assets	7,731	-	-	7,731	-	(7,731)	-
Long-term financial assets	973	-	-	973	-	-	973
Work-in-progress	2,972	4,592	(2,972)	4,592	22,003	(4,386)	22,209
Receivables – legal	593	8	(18)	583	-	(414)	169
Receivables – accounting	32,134	12,155	(14,298)	29,991	17,781	(3,637)	44,135

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

8. SHORT-TERM FINANCIAL ASSETS

As at 31 December 2014 and 2013, the Company had the following restricted cash balances:

CZK 44,064 thousand in 2014 and CZK 61,739 thousand in 2013 in Česká spořitelna, a. s., CZK 8,653 thousand in 2014 and CZK 32,083 thousand in 2013 in Komerční banka, a. s. The escrow account in Česká spořitelna, a. s., relates to statutory provisions for decommissioning of nuclear facilities. The escrow account in Komerční banka, a. s., relates to provisions for repairs of tangible assets.

The Company has four overdraft facilities of CZK 105,000 thousand. As at 31 December 2014, the overdraft was not used.

9. OTHER ASSETS

Prepaid expenses include in particular insurance of assets and service agreements or any membership fees, which are charged to income for the year in which they were incurred.

10. EQUITY

Statement of changes in equity (in CZK thousands):

	Balance as at 01/ 01/ 2013	Increase	Decrease	Balance as at 31/ 12/ 2013	Increase	Decrease	Balance as at 31/ 12/ 2014
Number of shares	524,139	-	-	524,139	-	-	524,139
Basic capital	524,139	-	-	524,139	-	-	524,139
Other capital funds	79,522	5,627	-	85,149	-	-	85,149
Legal reserve fund	79,520	6,516	-	86,036	3,988	-	90,024
Other funds	629,924	95,000	(539,429)	185,495	-	(25,452)	160,043
Retained earnings	27,854	236,978	-	264,832	85,453	-	350,285
Accumulated loss	(302,450)	302,450	-	-	-	-	-
Current period profit/loss	101,516	63,988	(101,516)	63,988	62,027	(63,988)	62,027

The basic capital of the Company consists of registered shares in a certificate form, fully subscribed and paid, with a nominal value of CZK 1,000.

Other capital funds consist of cash and non-cash gifts.

Other funds from profit are restricted for covering costs of research and development tasks.

The Annual General Meetings held on 26 June 2014 and 28 June 2013, respectively, approved the aforementioned profit distribution for 2013 and 2012.

The Annual General Meeting of the Company decided not to pay dividends from the 2013 and 2012 profit.

The Company used CZK 25,452 thousand from the R&D Fund in 2014, following internal policies governing management of research projects.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

11. PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 01/ 01/ 2013	Additions	Deductions	Balance as at 31/ 12/ 2013	Additions	Deductions	Balance as at 31/ 12/ 2014
Legal – decommissioning of nuclear facilities	120,327	4,313	(7,675)	116,965	4,483	(40,391)	81,057
Legal – repairs of tangible assets	31,791	8,650	(16,679)	23,762	13,914	(15,112)	22,564
Provision for disposal of environmental damage	362,937	-	(10,063)	352,874	-	(13,088)	339,786
Other	36,438	27,256	(15,014)	48,680	62,787	(15,717)	95,750

Legal provision was created in accordance with the "Nuclear Act" for decommissioning of nuclear facilities and for repairs of tangible assets based on the Act on Provisions.

Other provisions were created for covering of future risks (liquidation of radioactive waste), for unused vacation and corporate income tax of 2014. They are based on the decision of the Board of Directors.

Pursuant to a contract for the transfer of a part of a business, the provision of CZK 39,395 thousand for nuclear decommissioning of the LVR-15 and LR-0 reactors was transferred to subsidiary Centrum výzkumu Řež s.r.o. in 2014 for consideration. As at 31 December 2014, a portion of CZK 20,520 thousand of the liability was still outstanding. The long-term liability of CZK 16,822 thousand as well as the current portion of CZK 3,698 thousand are presented within Liabilities to group companies with majority control.

12. LONG-TERM LIABILITIES

As at 31 December 2014 and 2013, long-term liabilities include retention money from trade payables.

Long-term liabilities to related parties (see Note 20).

13. CURRENT LIABILITIES

As at 31 December 2014 and 2013, the Company had overdue current payables for more than 90 days totaling CZK 179 thousand and CZK 102 thousand, respectively.

As at 31 December 2014, the Company had liabilities of CZK 12,566 thousand owing to social security and health insurance premiums.

Unbilled deliveries represent, in particular, estimated bonuses and insurance to the bonuses, other insurance and not invoiced supplies.

Payables to related parties (see Note 20).

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

14. BANK LOANS AND BORROWINGS

Bank	Terms/ Conditions	Interest rate	Total limit	2014	2013
				Amount in CZK thousands	Amount in CZK thousands
Raiffeisenbank a.s.	31/ 12/ 2014	1M PRIBOR + 1.6%	CZK 25 million	-	6,122
Raiffeisenbank a.s.	30/ 06/ 2015	3M PRIBOR + 1.6%	CZK 48 million	6,000	18,000
Komerční banka a.s.	25/ 03/ 2015	1M PRIBOR + 1.42%	CZK 138 million	5,200	32,800
Komerční banka a.s.	30/ 6/ 2024	1M PRIBOR +0.95%	CZK 250 million	35,000	-
Total			CZK 461 million	46,200	56,922
Less current portion			-	11,200	45,722

The interest expense relating to bank loans and borrowings for 2014 and 2013 was CZK 1,039 thousand and CZK 1,813 thousand, respectively. No expense was capitalized as part of construction of tangible fixed assets.

The loan agreements are secured by a pledge of assets and receivables (see Note 4).

15. OTHER LIABILITIES

Accruals include in particular bank charges, interest and subscription fees, which are charged to income for the year in which they were incurred.

Deferred income includes in particular billing of services which is recognized into income for the year in which it was earned.

16. INCOME TAXES

On the basis of preliminary calculation the Company calculated tax expense as follows (in CZK thousands):	2014	2013
Profit (Loss) before taxes	68,218	96,010
Tax-deductible R&D	(14,868)	(7,147)
Non-taxable revenues	(28,265)	(763)
Differences between book and tax depreciation	(23,730)	(33,382)
Creation of allowances	24,030	(523)
Creation/release of provisions	33,983	2,178
Creation/release of tax non-deductible contingencies	(14,023)	92,659
Write-off of failed investment	7,731	-
Other social costs	6,021	-
Other tax non-deductible expenses	7,093	5,720
Taxable income	66,190	155,305
Current income tax rate	19 %	19 %
Tax	12,576	29,508
Tax relief	(196)	(159)
Adjustment of the tax paid in previous years	1,989	6,107
Current tax expense	14,369	35,456

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

The Company quantified deferred taxes as follows (in CZK thousands):

Deferred tax items	2014		2013	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	56,238	-	55,708
Other temporary differences:	-	-	-	-
Allowance against receivables	8,386	-	5,690	-
Allowance against inventory	4,220	-	873	-
Allowance against fixed assets	-	-	1,469	-
Provisions	82,647	-	76,086	-
Unbilled deliveries	18,074	-	20,502	-
Tax loss carryforward	-	-	-	-
Total	113,327	56,238	104,620	55,708
Net	57,089	-	48,912	-

17. COMMITMENTS AND CONTINGENCIES

As at 31 December 2014 and 2013, the Company had commitments and contingent liabilities which were not shown on the balance sheet. These include assets reflected in off-balance sheet account (see Note 4) and lease of automobiles.

The automobiles are leased from ARVAL CZ, s.r.o., under operating leases.

As at 31 December 2014 and 2013, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):

Description	Terms/Conditions	Expense in 2014	Expense in 2013	Cost
Automobiles	79 vehicles	10,841	10,458	30,353

Guarantees in favor of a creditor:

Guarantee	Balance in 2014	Description of collateral
Bank guarantee granted by Komerční banka, a.s.	EUR 106,000	TRACTEBEL, Fortis Bank
Bank guarantee granted by Komerční banka, a.s.	CZK 13,620,000	Ministry of Finance of the Czech Republic
Bank guarantee granted by Komerční banka, a.s.	EUR 565	GP NAEK Energoatom
Bank guarantee granted by Komerční banka, a.s.	EUR 3,000	GP NAEK Energoatom
Bank guarantee granted by Komerční banka, a.s.	EUR 3,000	GP NAEK Energoatom
Bank guarantee granted by Komerční banka, a.s.	TRY 979,502	Turkish Atomic Energy Authority
Bank guarantee granted by Komerční banka, a.s.	EUR 6,250	GP NAEK Energoatom
Bank guarantee granted by Komerční banka, a.s.	EUR 95,000	Slovak Academy of Sciences
Bank guarantee granted by Komerční banka, a.s.	EUR 100,000	Nuclear Import Office of the Slovak Republic

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

18. REVENUES

The breakdown of revenues from ordinary activities (in CZK thousands):

	2014		2013	
	Domestic	Foreign	Domestic	Foreign
Integrity and technical engineering	323,290	46,904	277,888	82,084
Energoprojekt Praha	123,394	121,002	171,310	134,575
Nuclear safety and reliability division	127,792	5,427	109,879	30,646
Radiopharmaceuticals	98,166	4,285	88,506	2,489
Shared services	88,881	2,674	96,914	26,681
Fuel cycle chemistry and waste management	50,821	34,089	52,056	200,648
Other services	20,199	28,702	11,123	247
Total revenues	832,543	243,083	807,676	477,370

In addition, revenues include government and EU subsidies for maintaining the Company's operations totaling CZK 119,695 thousand and CZK 164,857 thousand in 2014 and 2013, respectively recorded under Other operating revenues.

19. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2014		2013	
	Total personnel	Of which: members of managerial bodies	Total personnel	Of which: members of managerial bodies
Average number of employees	676	14	736	8
Wages and salaries	416,147	18,198	427,316	21,169
Bonuses to members of statutory bodies	8,879	8,879	3,353	3,353
Social security and health insurance	133,926	3,768	143,225	1,926
Other social costs	13,531	78	14,159	-
Total personnel expenses	572,483	30,923	588,053	26,448

Members of managerial bodies include in 2014 members of Board of Directors and Supervisory Board. There were included also other division directors in 2013.

Pursuant to the provisions of the Business Corporation Act No. 90 /2012 Coll., with effect from 1 July 2014, remuneration payable to Board of Directors' members as emoluments of functionaries is presented within Bonuses to members of statutory representatives. For the same reason, Board of Directors' members are included within members of managerial bodies since 2014. Accordingly, due to the change in legislation, the current-year figures are not consistent with the comparatives.

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

20. RELATED PARTY INFORMATION

The members of statutory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits in 2014 and 2013 and they do not hold any shares of the Company.

The only benefits of the Company's management consist of the use of automobiles for private purposes.

The Company provides services to related parties in the ordinary course of business.

Sales to related parties for 2014 and 2013 were as follows (in CZK thousands):

Related party	2014	2013
ČEZ, a.s.	476,078	465,498
Slovenské elektrárne, a.s.	78,295	115,437
Centrum výzkumu Řež s.r.o.	81,730	78,095
ČEZ Energoserwis	41,172	39,742
Other	18,454	28,152

Receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	2014		2013	
	Short-term	Long-term	Short-term	Long-term
ČEZ, a.s.	214,161	-	215,616	1,145
Slovenské elektrárne, a.s.	24,625	-	71,542	-
Centrum výzkumu Řež s.r.o.	21,959	-	4,494	-
ČEZ Energoserwis	24,952	-	15,593	-
Other	1,985	-	11,840	340

The Company purchases products and receives services from related parties in the ordinary course of business.

Purchases from related parties for 2014 and 2013 were as follows (in CZK thousands):

Related party	2014	2013
Centrum výzkumu Řež s.r.o.	69,714	78,175
ENERGOPROJEKT Slovakia a.s.	21,670	12,712
ČEZ Prodej, s.r.o.	7,404	9,873
ČEZ Distribuce, a.s.	8,460	9,425
Other	9,384	17,576

Payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	2014		2013	
	Short-term	Long-term	Short-term	Long-term
Centrum výzkumu Řež s.r.o.	65,459	-	20,518	-
Výzkumný a zkušební ústav Plzeň s.r.o.	3,008	-	61	8,672
ENERGOPROJEKT Slovakia a.s.	5,480	-	230	-
ČEZ Prodej, s.r.o.	3,747	-	351	-
Other	2,655	-	3,819	14

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The accompanying balance sheet and income statement are an integral part of the financial statements.





ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

Loans to subsidiaries and associates as at 31 December were as follows (in thousands):

Company	Terms/Conditions	2014	2013
Centrum výzkumu Řež s.r.o.	31/ 12/ 2016	17,268	17,268
Centrum výzkumu Řež s.r.o.	14/ 01/ 2015	EUR 1,000	EUR 1,000
Ústav aplikované mechaniky Brno, s.r.o.	29/ 01/ 2015	11,994	15,000

The loan granted to EGP Invest, spol. s r.o. was paid on 29 April 2014.

Other long-term securities and interests as at 31 December were as follows (in CZK thousands):

	2014		2013	
	Number of shares/ Nominal value	Market value	Number of shares/ Nominal value	Market value
Vodárny Kladno - Mělník	1,657	1,306	1,657	1,306
CHEMOPROJEKT	3	3	3	3
PLYNOPROJEKT	3	2	3	2
VÍTKOVICE	3	0	3	0

21. RESEARCH AND DEVELOPMENT COSTS

In connection with research and development projects realized in 2014 and 2013, the Company deducted expenses in accordance with Section 34 paragraph 4 of the Act No. 586/1992 Coll., on Income Taxes totaling CZK 14,868 thousand and CZK 7,147 thousand, respectively.

22. SIGNIFICANT ITEMS OF INCOME STATEMENT

Other operating revenues include in particular subsidies and insurance compensation.

Other operating expenses include in particular property insurance.

Other financial income includes exchange rate gains and interest received.

Other financial expenses include exchange rate losses, bank charges and commitment fees.

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The accompanying balance sheet and income statement are an integral part of the financial statements.








ÚJV Řež, a. s.

Financial Statements for the year ended 31 December 2014

23. STATEMENT OF CASH FLOWS (SEE APPENDIX 1)

The cash flow statement was prepared under the indirect method.

24. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 10)

Prepared on:	Signature of accounting unit's statutory body:	Person responsible for accounting	Person responsible for financial statements
20 February 2015	 Ing. Miroslav Horák, MBA	 Ing. František Pírek, MBA	 Ivana Kušnírová

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The accompanying balance sheet and income statement are an integral part of the financial statements.



Independent Auditor's Report



(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ÚJV Řež, a. s.:

- I. We have audited the financial statements of ÚJV Řež, a. s. ("the Company") as at 31 December 2014 and our audit report dated 20 February 2015 stated the following:

"We have audited the accompanying financial statements of ÚJV Řež, a. s., which comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. For details of ÚJV Řež, a. s., see Note 1 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing as amended by implementation guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ÚJV Řež, a. s., as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic."




- II. We have also audited the consistency of the annual report with the financial statements stated in the section Financial Statements as of 31 December 2014. The management of ÚJV Řež, a. s. is responsible for the accuracy of the annual report. Our responsibility is to express, based on our audit, an opinion on the consistency of the annual report with the financial statements.

We conducted our audit in accordance with International Standards on Auditing and the related implementation guidance issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the information presented in the annual report that describes the facts reflected in the financial statements is consistent, in all material respects, with the financial statements. We have checked that the accounting information presented in the annual report is consistent with that contained in the audited financial statements as at 31 December 2014. Our work as auditors was confined to checking the annual report with the aforementioned scope and did not include a review of any information other than that drawn from the audited accounting records of the Company. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements described above.

Ernst & Young Audit, s.r.o.
License No. 401
Represented by



Martin Skácelík
Auditor, License No. 2119

30 April 2015
Prague, Czech Republic



Identification and Contact Details

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Registered in the Commercial register kept by the Municipal court in Prague, Section B,
Insert 1833

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