ECN

Annual Report 2014

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Director’s report

General

The consolidated financial statements of Stichting Energieonderzoek Centrum Nederland (ECN) include the financial statements of ECN and the financial statements of the group companies:

- V.o.f. Nuclear Research and consultancy Group
- NRG Nuclear Services B.V.
- ECN Wind Energy Facilities B.V. (WEF)
- ECN Wind Turbine Test Park Wieringermeer C.V.
- SunLab B.V.
- Stichting ECN Nuclear

Stichting Energieonderzoek Centrum Nederland (ECN) is a private-law knowledge organisation, occupying a unique position in Europe because of its knowledge of sustainable energy. Our high-quality research infra-structure enables us to develop, further develop and utilise knowledge and innovative technology with and for the market. ECN aims to carry out ground-breaking research for a profound influence on energy transition, converting knowledge and technological development into practical use. Over the past year ECN has continued to develop the Top Sector Energy. The public resources were divided through tenders and the conditions for submitting proposals have been made stricter. This has led to delays with several of the proposals. Most of the problems regard alleged state aid. ECN's current research generally has a high quality throughout and in some areas it is leading in Europe, and even worldwide. We are considered a vital partner. So, especially considering the greater need for innovation due to the energy agreement, the anticipated further drop in direct research grants and public resources for energy research over the coming years is a worrying trend.

The nuclear technology research activities have been part of V.o.f.Nuclear Research and consultancy group (NRG) since 1998. Its central tenet is the development of knowledge, products and processes for the safe use of nuclear technology in energy, the environment, and health. What's more, NRG is now a major supplier of medical isotopes, with a market share of some 30%. ECN holds a 99% capital share in NRG. Stichting ECN Nuclair holds the remaining 1%.

ECN is the director of this Stichting. Indirectly, NRG is involved in (preparing for) the realisation of the new Pallas reactor, which is to replace the 50-year old High Flux Reactor (HFR). The government foundation 'Preparation Pallas reactor' ['Voorbereiding Pallas reactor'] has now been set up for this very purpose. This foundation is separate from ECN and NRG. If the Pallas reactor is to be realised NRG should operate the HFR until the Pallas reactor is operational. This is planned for 2024.

NRG had difficulties operating the HFR in 2013. The HFR was only operational during a limited number of months in 2013. Keeping the HFR operational up to 2024 would require extensive investments, as was concluded in 2013. Those investments would need to be generated by the market. In late 2013, NRG's Executive Board suspended the nuclear facilities to facilitate the implementation of an extensive Return to Service program (R2S). The R2S program needed to secure the safe and reliable development of the facilities. All nuclear facilities were operational again in May of 2014. The implementation of the R2S program and suspending the facilities led to a considerably negative operating result for NRG - also at the consolidated level. Comprehensive consultations have now been started with the government to agree on an extension of the credit needed to safeguard the continuity of ECN and NRG. The possibilities for obtaining a credit from private parties were explored. As it turned out, it would be impossible to realise all this within an acceptable period. The government and - in part - external parties have extensively reviewed the substantiation of the credit request. Both financial, technical, commercial and organisational aspects were considered. On 17 October 2014, the Minister of Economic Affairs announced a decision to grant ECN a EUR 82 million credit. This was realised in the form of a private loan agreement. The loan amount will be made available in tranches.

The implementation of the current Radioactive Waste Management Program suffered serious delays in 2014, partly due to the problems with the nuclear facilities. The Radioactive Waste Project ['Radioactief Afval Project'- RAP) is part of the RWMP and it focuses on removing around 1700 barrels of historic radioactive waste to COVRA, in Vlissingen. A removal route has been arranged for part of this waste, so called alpha containing waste. Removing this waste proved to be considerably more costly than had so far been anticipated (well over EUR 12 million more). The provision for radioactive waste has been adapted according to the latest insights.

Sustainable energy development experienced turbulent times, too, last year - albeit from a different perspective. The economic climate makes it highly challenging to get the necessary investments from the business community. The ongoing overcapacity in the solar panel market means our customers still suffer from low prices and low/negative margins, causing low investments in capacity expansion/new technology. The continuous discussion about the sustainability of biomass leads to cautious investors. The interest in offshore wind energy may have increased in the Netherlands, the growth expectations for Europe have been adjusted downwards. We see a lot of our Dutch customers using the opportunity to invest their scarce research resources in public-private partnerships through the Top Sector policy. As far as ECN is concerned this means we have slightly exceeded our objectives relating to non-commercial order intake, although the commercial order intake is strongly under budget. As a result, the aggregate order intake is behind budget. This was the main cause of the lower turnover and the lower result at ECN Duurzaam.

Other market developments offer ECN opportunities and possibilities. One of these opportunities came about in September 2013, with the signing of the National Energy Agreement. One of the issues agreed upon provided for 14% of the total energy supply in the Netherlands to be sustainable by 2020. Wind energy at sea will be the main driver in achieving this. The Netherlands also wants to be in the worldwide Cleantech Top 10. The agreement leans heavily on the Top Sector Energy for the innovation this requires.

The implementation of the strategy plan for the years 2013 through 2015, prepared in 2012, was continued in 2014. On the back of the transition of the organisational structure in 2012, when the business development and program development departments were added, in 2014 the emphasis was on continuing the implementation of this structural change and determining the strategy of the various units. The vision of ECN Duurzame Energie is still the same: 'to develop knowledge and technology with and for the market so as to enable to a transition to a sustainable energy system'.

ECN lodged an appeal against the judgment of the Court of Appeal in Amsterdam in the legal dispute with the Association of Former Employees of ECN & NRG (OMEN). The Supreme Court subsequently quashed the judgment of the Court of Appeal on 6 September 2013, after which the proceedings were referred to the Court of Appeal in The Hague for further trial and decision. At the initiative of OMEN, the proceedings with this Court of Appeal have now started and parties have submitted their memoranda after the case had been remanded. The Court of Appeal in The Hague pronounced judgment on 31 March 2015. The Court of Appeal has rejected all of OMEN's claims against ECN and has upheld the earlier judgment of the Subdistrict Court in Alkmaar, dated 8 September 2010. According to this judgment, at the time ECN had been authorised to adapt the pension plan as from 1 January 2007 and implement a conditional indexation. Hence, OMEN's objections against this have once again been rejected. OMEN still has the option to lodge an appeal against the judgment of the Court of Appeal. OMEN has three months to do so.

The NRG/ECN management joined forces with the trade unions and the Works Council in 2013, to realise a new collective labour agreement for the staff. This concerns a modern, cost-neutral and flexible collective labour agreement and a matching remuneration policy. All of this should ensure the continuity of the two organisations and make them an even better 'place to be'. Agreement about a new collective labour agreement was reached in 2014.

ECN's strong commitment to cooperation was witnessed in the formation of the Netherlands Energy Research Alliance in November, NERA - a joint venture between ECN, TNO, FOM, the three technical universities, and the University of Groningen. Objective is to further harmonise their research and, on a European level, act as a Dutch energy R&D platform within EERA. The research activities with the partners were listed in 2014 and they were made accessible through the NERA website. ECN also organised a workshop on system integration and participated in a trade mission.

ECN and the European Commission have reached agreement about the rates applied during the FP6 and FP7 programs in the past. On the back of this agreement, the provision was recalculated and part of the provision was released.

Solliance is a joint venture between ECN, TNO, TU Eindhoven, Holst Centre, the Flemish IMEC and the German Forschungszentrum Jülich. This joint effort aims to cooperate with the business community in developing a manufacturing technique for thin film solar panels in the region of Eindhoven-Leuven-Aken. Even in the face of economic adversity for Zon PV the joint venture managed to increase its revenues and attract new industrial partners. The new Solliance building was occupied in the first quarter of 2014. The festive opening of the building took place in June.

ADEM (Advanced Dutch Energy Materials innovation laboratory) is a joint initiative of ECN and the three Dutch technical universities (Delft, Eindhoven and Twente), aimed at stimulating and accelerating materials innovations for selected energy technologies (such as sun, wind, batteries, fuel cells, membranes). On the back of a restructuring at TU Eindhoven, the batteries research was transferred to TU Delft.

ECN Wind Energy Facilities B.V. operates a trial wind farm for megawatt wind turbines, where intensive measurements and assessments of the wind turbines are used to analyse the specific, mutual influences - so-called wake effects - on the wind turbines located in this park. The service package includes the resupply of energy generated, as well as renting out testing space to third parties for installing proprietary prototype wind turbines. The wind turbines were sold to NIB Capital through a sale and lease back transaction at year-end 2003. The turbines were repurchased from NIB Capital by the end of the lease term (2013). The operation of the wind farm, which is part of the WEF, was terminated. The company is also actively involved in setting up the so-called Windplan Wieringermeer, a plan to redivision wind turbines in the polder. Finally, together with other parties, such as the Province of Groningen and Nuon, work is underway to realise a new test park for offshore wind turbines. The disparate interests of the various parties involved have caused the progress in realising the new test park to be delayed. The Ministry of Economic Affairs is now busy making an attempt at mediation.

SunLab BV markets several measuring instruments for solar cells. These instruments enable manufacturers to optimise the production of solar panels through products like the CoReScan (Contact Resistance Scan) and the SheReScan (Sheet Resistance Scan). Although turnover for 2014 rose compared with 2013, as yet the market has shown few signs of recovery.

A so-called WFOE (Wholly Foreign Owned Enterprise) has been set up in China to develop the market for ECN's sustainable energy products and services. The overcapacity turns out to have limited the investments in new production capacity with innovative applications. The attention is now also directed at other countries in the Far East. The financial result from China has been accounted for as result from participations.

The Executive Board of ECN is very serious about its responsibility for risk management and the accounting systems and related internal controls implemented to that end. Taking into account the inherent limitations of all internal risk management systems, the accounting systems and related internal controls implemented with ECN and its subsidiaries provide the Executive Board with reasonable assurances as regards the financial risks that the financial reporting does not contain material errors and that the annual report presents a fair view of the situation as at balance sheet date and the state of affairs during the financial year. The accounting systems and related internal controls have worked properly during the reporting year and there are no indications of them not working properly in the current year.

Situation as at balance sheet date

Solvency (equity in proportion to balance sheet total) decreased to 1% (2013: 8%), mainly due to NRG's negative result following the downtime of the HFR and the other nuclear facilities in early 2014. The liquidity position increased to EUR 116.3 million, up from EUR 105.9 million. This particularly related to the first tranche of the loan of the Ministry of Economic Affairs (EUR 25.0 million) being received and the bonds being sold (EUR 6.0 million). A major part of this cash, currently EUR 53.0 million (2013: EUR 67.4 million), is not at ECN's free disposal – this regards the escrow accounts for radioactive waste and the advances relating to ADEM and Solliance.

Compared with year-end 2013, the workforce has decreased by 26 persons to 905 (ECN 484/NRG 421) , down from 931 (ECN 492/NRG 439). The number of full time equivalents (FTEs) at year-end has dropped by 23 FTEs to 838 (ECN 443/NRG 395), down from 861 (ECN 450/NRG 411).

Results

The total operating income decreased to EUR 139.7 million (2013: EUR 141.8 million). The realised net result is -/- EUR 16.8 million (2013: -/- EUR 4.8 million).

The income from licenses was EUR 0.3 million (2013: EUR 0.8 million).

A -/- EUR 16.7 million operating result was realised in 2014. The negative result is caused by NRG's negative operating result of -/- EUR 9.8 million, as a result of the downtime of the HFR and the other nuclear facilities early 2014, as well as the addition to the provision for radioactive waste.

The participation WEF B.V. realised a positive result after taxation of EUR 0.9 million in 2014 (2013: EUR 1.1 million). The participation SunLab B.V realised a profit after taxation of EUR 0.1 million in 2014 (2013: a loss of EUR 0.2 million). The aggregate net result after taxation from participations in group companies is -/- EUR 8.9 million.

An aggregate amount of EUR 4.8 million (including major maintenance) was invested in 2014 (2013: EUR 9.4 million).

Risks and uncertainties

Continuity risk
The negative results over the past two years have caused ECN's equity position to decrease strongly, to a relatively very low level. In addition, there is a structural liquidity need as regards the expected expenditures for the removal of the radioactive waste in the coming years (use of the provision) and in respect of the investments required to be able to keep the HFR operational up to 2024.

The Minister of Economic Affairs issued an individual decision on 17 October 2014, announcing the grant of a EUR 82 million credit to ECN. All this has been realised in the form of a loan agreement under private law. The loan amount is made available in tranches.

Historical radioactive waste
ECN has an obligation to remove and store historical and other radioactive waste and to dismantle the nuclear buildings and installations. This file carries a very high risk for ECN's financial and liquidity positions. ECN and NRG has taken measures for controlling the expenditure such that the budget will not be exceeded. New insights and unforeseen circumstances relating to this file may lead to significantly higher expenditures. The uncertainty has been disclosed in more detail in the note to the provision for radioactive waste.

Security and licenses
ECN has the necessary licenses for performing its experimental work. A breach of the regulations attached to the licenses may lead to these licenses being withdrawn, while it may likewise create dangerous situations for people and the environment. ECN has competent employees in place to prevent this from happening, an appropriate management system, and an up-to-date security culture.
To date, the supervisory authority 'Authority for Nuclear Safety and Radiation Protection' ('Autoriteit Nucleaire Veiligheid en Stralingsbescherming – 'ANVS') has not indicated in any way whatsoever that they will be taking measures as regards the equity. NRG is responsible for providing information to ANVS. The periodic consultation it has with ANVS is one of the occasions when they do so.

Political risks
Public funding (subsidies) provides for most of ECN's resources. Developing an innovation policy is politically inspired. Maintaining good ties with the political scene in The Hague means developments can be properly anticipated. ECN's nature prevents application of the lobby model. The Minister of Economic Affairs considers the current model applied by various technology institutions to be quite complex. Applied research institutions (organized within the so-called TO2) should enhance their cooperation to improve this situation.
The Minister of Economic Affairs has requested for a synchronisation of the strategic planning periods of TO2 institutions as from 2018.
A uniform approach vis-à-vis unfair competition by public institutions within the Top Sector policy is envisaged for applied research. ECN is expected to apply a more market-oriented focus to be eligible for sufficient financing, while at the same time the uniform approach is expected to restrict ECN's opportunities. How best to cope with this tension is now being examined. Following consultation as part of TO2, a code of conduct has been prepared.

Commercial risks
The shift from government contracts to commercial contracts and the rise in public-private partnerships has forced ECN to anticipate risks involved in engagements with market parties (such as the risk of bad debts, the risk of claims, and the risk of unfair competition). Organisational changes have been implemented, and processes and authorizations have been adapted to mitigate these risks.

Markets and cyclical risks
Not all of the markets on which ECN is increasingly forced to operate are stable and free of cyclical

developments. The so-called captive customer represents another danger. ECN strives to be independent from one or some specific markets or customers to mitigate these risks. Business Development ensures ECN is informed sufficiently of the developments on the different markets and at the different market parties. This should enable ECN to react on time. Active Asset Portfolio Management is another element of ECN's policy of spreading the risks.
The market developments relating to the medical isotopes are key to further reinforcing the selling prices. Knowledge of the market developments and timely anticipation of these developments mitigate the risk.

Pensions
ECN's historical file on pension indexations carries a very high risk for its financial and liquidity positions. ECN unilaterally changed the indexation system because the costs of the system applicable at the time could no longer be carried. This would have endangered the organisation's continuity. Part of the claimants, united in OMEN, objected to this in legal proceedings. Scenarios have been set up for how best to act should the final outcome be negative for ECN.

Corporate income tax
ECN may be subject to corporate income tax. ECN is involved in consultations with the Tax Administration about this risk. The Tax Administration has stated that, at least through 2015, ECN is not liable to pay tax. The government is preparing tax rules to come into effect as from 2016 that will be decisive for any liability ECN has in respect of corporate income tax.

Efficiency/primary process project control and corporate services departments
ECN runs the risk of project losses, projects failing to meet deadlines, or insufficient quality being delivered. As part of efficiency and project control an extensive project management training was started in 2013, according to the Prince II system. Combined with the ongoing development of the RAM-tool, the introduction of a capacities management tool, and the mobility square, this has boosted the project control.
In 2014, NRG started to further implement project-based working. The Prince II methodology was introduced. This methodology will be rolled out across the organisation in 2015. Project-based working in accordance with a univocal methodology will ensure consistency and efficiency, with the ultimate goal of timely recognition of risks and thus enabling control.

Horizon 2020
Horizon 2020 (H2020) is the program initiated by the European Commission to stimulate European research and innovation. H2020 has followed up the Seventh Framework Program (FP7) and was started on 1 January 2014. H2020 has an overall budget of approximately EUR 80 billion for the period of 2014-2020.
The European Union (EU) has implemented H2020 to enhance Europe's competitiveness by stimulating science and innovation. Another objective of the EU is to challenge the business community and the academic world to join forces and to come up with solutions for societal issues throughout Europe. Payments under H2020 deviate from payments under the Seventh Framework Program. The indirect expenses are reimbursed on the basis of a fixed percentage of 25%. Under the Seventh Framework Program the actual indirect expenses were fully reimbursed. Knowledge institutions may compensate this by receiving a higher payment. To this end, they have to show that the research infrastructure is an essential component of the total assets available and that the indirect costs can demonstrably be considered to be direct.

A number of fellow institutions have submitted a request to that end. Their eligibility for payment of the so-called Large Research Infrastructure payment has been rejected. ECN knows the causes of the rejection and it will submit its own request in early 2015. Prior to submitting this request, an external consultant/auditor will perform a test. Both the knowledge gained from its fellow institutions and the results of the external test will reduce the risk of the LRI payment being rejected.
Apart from the risk involved in obtaining the LRI payment, there is another risk. Since the conditions are unknown and because this is a new program, the average acquisition balance realised on EU projects may be lower than in the past.

Corporate Social Responsibility

Sustainability is embedded in the genes of ECN. Contributing to a sustainable future is at the heart of our mission. At ECN we have been translating this passion into a consistent and targeted policy on corporate social responsibility ever since 2011. Under the banner of our three icon themes - 'core business', 'our area', and 'society' - we wish to demonstrate how we interpret our social responsibility. We have formulated objectives for each of the themes. In February 2014 a new and

ambitious CSR working party was set up with the goal to attain these objectives. Numerous projects have been started, such as setting up an internal carpool website; installing more charging stations for electric vehicles; installing a smart tyre pump; compiling a do-it-yourself manual to enhance our employees' sustainability awareness; and actions to reduce the use of paper. Another step towards further integrating CSR into our business operations has been the inclusion of CSR in the operational plans of the units for 2015.
We monitor the progress through the twelve indicators we have identified; this is where we systematically want to achieve progress. The CSR annual report 2014 includes progress reports and more information about the actions implemented.

Safety, Health and the Environment

Legislation and regulations
ECN applied for an Environmental Modification Permit for the Petten site in April 2014. The current licenses originate from 2001 and 2008, respectively, and the description of a number of business operations has been updated. The license is expected to be granted mid-2015. Apart from applying for this license, the basic Risk Assessments & Evaluations have been updated, while actions have been determined for the Plan of Approach (obligation under the Working Conditions Act). These actions have been started and most of them will be finalised in 2015. Continuous improvement of safety, health and environmental aspects has been secured through various safety control instruments included in the quality management system. Almost every day this results in improvement actions to guarantee the best possible safety for our employees. ECN is a 'light BRZO institution' (an institution governed by the Major Accidents (Risks) Decree – the 'BRZO') and an inspection by the Competent Authority identified two shortcomings with the implementation of organisational changes and the performance of audits. These shortcomings have now been resolved.

Safety, Health and the Environment
Unfortunately we were forced to register two lost-time accidents in 2014. The incidents occurred at the location of a customer and in an office. Once again these experiences emphasize the importance of the safety awareness campaign 'Think Safety First'. This focuses on implementing Last Minute Risk Analysis (LMRA), addressing each other's unsafe behaviour, and enhancing knowledge about what is safe or unsafe.
There were several near-miss reports in terms of process safety, some of which led to a Root Cause Analysis being performed. The resulting measures have reinforced the high level of process safety. Our work in the R&D sector requires this high level.
The business operations have been such that they had little impact on the environment. More specific information is available in the public SHE annual report.

Corporate Governance

The Board of Directors and the Supervisory Board endorse the general principles and basic assumptions of the Dutch corporate governance code as laid down by the Corporate Governance Code Monitoring Committee, for honest and transparent operations and the proper supervision of, and accountability for, these operations. Although this Code mainly focuses on Dutch listed companies, in 2004, the Executive Board and the Supervisory Board decided to implement the elements of the corporate governance code, which was then still called the Tabaksblat Code, that are also relevant to ECN. On the back of this the Supervisory Board laid down the Executive Board Regulations in 2006, which included the elements of the Code relevant to ECN.

In between, the Supervisory Board and Executive Board Regulations have been adapted. The most recent versions of both sets of regulations were adopted by the Supervisory Board on 28 November 2014. They became effective on 17 February 2015. The most recent articles of association were adapted and became effective on 17 February 2015.

In 2014, ECN's Executive Board comprised one Chief Executive Officer appointed under the articles of association, a Chief Operating Officer not appointed under the articles of association, and a Chief Financial Officer not appointed under the articles of association. The CEO chairs the Executive Board and has the ultimate responsibility for the company as a whole. In accordance with the Executive Board Regulations and the Supervisory Board Regulations, he answers to the Supervisory Board. The Supervisory Board appoints, suspends and dismisses the Executive Board appointed under the articles of association. The current CEO has been appointed for an indefinite period of time.

The Supervisory Board basically comprises six members. The duties of the Supervisory Board include supervising how the Executive Board manages the foundation, and the general course of affairs in respect of the foundation and its associated companies. The Supervisory Board supports the Executive Board with advice.

The Minister of Economic Affairs appoints the Supervisory Board members, on the nomination of the Supervisory Board. The Supervisory Board consults with the Executive Board and the Works Council when preparing the nomination. The candidate must fit the desired profile of the Supervisory Board. The Supervisory Board drafts this profile factoring in ECN's nature, its operations, and the desired level of expertise, experience and independence of its members. The Supervisory Board evaluates the profile every year. Members of the Supervisory Board are appointed for a period of four years and may be reappointed twice at the most.
The Executive Board and the Supervisory Board are responsible for ECN's corporate governance structure. In this respect they answer to the Minister of Economic Affairs. The Supervisory Board provides the Minister of Economic Affairs with all the information needed.

Expectations for 2015

Two successive loss-making years have depleted ECN's equity to a very low level. This makes ECN vulnerable to setbacks. A positive financial result is expected for 2015, both for the nuclear activities and the sustainable energy activities. Still, it will take some years before the equity will once again reach the desired level. Although the solvency is inadequate, the liquidity is sufficient.
The loan granted by the Minister of Economic Affairs in 2014 has ensured the liquidity for the coming years, too, provided the loan conditions are satisfied. The loan will be paid in tranches, based on progress reports. NRG and ECN expect the implementation of the Recovery Plan to lead to positive results over the coming years, while the equity will be back at the desired level within a few years.

The nuclear activities will demand lot of attention in 2015, too. Operating the installations safely and reliably to bridge the period until the arrival of the new reactor requires major investments. These will need to be raised by the market. The Minister of Economic Affairs announced a decision on 17 October 2014, to grant ECN a EUR 82 million credit. An adequate control of processes and risks is essential to properly fulfil the conditions set for the funding and to realise the Recovery Plan on time. The Recovery Plan has now been implemented.

The Energy Agreement will be a major catalyst for a great variety of sustainable energy related, new initiatives. This will most certainly involve innovation, too. A lot of them will undoubtedly find their way to the Top Sector Energy and eventually to the market. ECN has been playing an indispensable role in this process for years now. Our concern is whether the declining budgets available with the Ministry of Economic Affairs will enable us to continue to fulfil this role with the current impact.

With ECN's strategic period ending in 2015, preparations will have to made to draft a new strategic plan for 2016 - 2017. This two-year period deviates from the four-year period ECN usually applies. This is at the request of Ministry of Economic Affairs. As from the period of 2018 - 2021 all strategic periods of all TO2 institutions will be synchronous.
The global process involved in reaching a new strategic plan can be specified as follows:
- Evaluation of the current strategy for 2012 - 2015;
- Performance of external analysis (recalibration of the environmental image);
- Mapping the consequences for ECN, also in relation to the other TO2 institutions;
- Formulation of the strategic framework for 2016 - 2017;
- External test with main stakeholders, including Ministry of Economic Affairs and staff.

This process will be finalised in early October, so a framework will be offered for developing the Operational Plan 2016.

Petten, 28 April 2015

Ir. P.A.O.G. Korting

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Supervisory Board's Report

The Supervisory Board convened four times for a scheduled meeting and twice for a non scheduled meeting this year. The Executive Board under the articles of association attended each of the meetings. The topics discussed during the scheduled meetings were the following.

- The continuity of ECN and NRG, the imminent liquidity deficit, the EUR 82 million credit granted by the Ministry of Economic Affairs;
- Financial issues regarding ECN and NRG, such as the annual accounts, the periodic financial reports, the investment plan, the operational plan, and the participations;
- NRG's Recovery Plan, which focuses on operating the High Flux Reactor safely, reliably, and financially solid;
- NRG's safety policy;
- Progress of the Radioactive Waste Project;
- The Research & Development Plan, developments relating to the grant by the Ministry of Economic Affairs;
- Approval and implementation of ECN's new articles of association and regulations;
- Proceedings regarding the dispute between ECN and the Association of Former Employees ECN & NRG, following the judgment by the Dutch Supreme Court;
- Company visits to the various ECN and NRG sites.

Non-scheduled meetings of the Supervisory Board were convened on 21 January 2014 and on 14 February 2014. The main topics discussed were NRG's Recovery Plan, which focuses on the safe and reliable operation of the High Flux Reactor, and NRG's strategy. The other topics discussed during these meetings related to the continuity and the dire liquidity position.

A member of the Supervisory Board attended two of the six consultation meetings of the Works Council with the Executive Board.

Committees
The Supervisory Board has two committees: the Audit Committee and the Remuneration and Appointment Committee. They both prepare special topics for the Supervisory Board. As part of Corporate Governance, regulations were prepared for both committees in 2005. They have been approved by the Supervisory Board.

In 2014, the Audit Committee members were Ms mr. L. Pool (Chair), Ms prof. dr. ir. drs. H. Bijl, and Mr ir. B.C. Fortuyn. The committee convened three times in 2014. The following topics were discussed during these meetings:
- the financial statements and the auditor's report;
- creation of radioactive waste fund;
- liquidity position and continuity;
- the grant of the EUR 82 million credit by the Ministry of Economic Affairs, and the related conditions.

In 2014, the Remuneration and Appointment Committee members were Mr dr. ir. C.P. Jongenburger (Chair), Mr prof. dr. ir. T.H.J.J. van der Hagen, and Mr drs. P. de Krom. The committee convened three times in 2014. The following topics were discussed during these meetings:
- the composition of the Supervisory Board and its committees;
- the remuneration and the objectives of the director under the articles of association
- the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act ['Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector'- WNT].
- ECN's new articles of association and regulations

Integrity
The regulations demand the Chair of the Supervisory Board to be notified immediately if a member of the Supervisory Board, of the Executive Board, or the external auditor has a conflicting interest that has material significance for ECN or for the person involved. Such notification has not been received in 2014. The related provisions in the regulations have been observed.

Independence
In the opinion of the Supervisory Board the requirement that each of its members is independent, with the exception of one person at the most, has been satisfied. The Supervisory Board considers all of its members to be independent.

Changes
The composition of the Board changed in 2014. Mr ir. B.C. Fortuyn joined on 1 January 2014. He had first attended some of its meetings in 2013, in an advisory capacity. Before joining the Board on 1 May 2014, Mr prof. dr. ir. T.H.J.J. van der Hagen attended a few meetings in 2014, in an advisory capacity.
Mr drs. P. de Krom resigned on 1 March 2015. Ms prof. dr. ir. drs. H. Bijl is acting Chair of the Board as from 1 March 2015, awaiting the appointment of a new Chair.

Looking back and outlook
The continuity issue was an urgent matter in 2014. The grant the EUR 82 million credit by the Ministry of Economic Affairs has guaranteed the continuity. The full focus can once again be on the future in 2015.

Following the judgment of the Court of Appeal in The Hague of 31 March 2015, the dispute between ECN and the Association of Former Employees ECN & NRG, too, has subsided. The court has rejected all of OMEN's claims and has ruled that ECN had been entitled to adapt the pension scheme at the time.

The Supervisory Board thanks the Executive Board and the staff for their commitment and the results realised in 2014.

Petten, 28 April 2015

The Supervisory Board

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Consolidated financial statements ECN

Consolidated balance sheet

Consolidated balance sheet (x EUR 1.000)

(before allocation of result)

ASSETS	Note	31 December 2014	31 December 2013
Fixed assets			
Intangible fixed assets	1	2,609	2,745
Tangible fixed assets	2	43,841	47,031
Financial fixed assets:			
• Other participations	3	100	136
• Securities	3	0	5,955
• Other receivables	3	0	907
Total financial fixed assets		**100**	**6,998**
Total fixed assets		**46,550**	**56,774**
Current assets			
Inventories	4	12,289	14,985
Work in progress	5	28,611	27,479
Receivables and prepaid expenses	6	17,233	19,362
Total current assets		**58,133**	**61,826**
Cash	7	116,250	105,935
TOTAL		**220,933**	**224,535**

Consolidated balance sheet (x EUR 1.000)

(before allocation of result)

LIABILITIES	Note	31 December 2014	31 December 2013
Group equity	8		
Equity		1,354	18,132
Minority interests		40	40
		1,394	**18,172**
Provisions			
Provision for radioactive waste	9	109,660	105,579
Provision for redundancy costs	10	3,369	1,710
Provision for pension indexation	11	1,904	3,719
Provision for compensation upon commencement of retirement	12	732	845
Provision for Job-Related Discharge Regulation (RBF)	13	189	189
Provision for long-service awards	14	1,112	1,078
Provision for WIP	15	1,956	4,386
Other provisions	16	3,376	6,237
		122,298	**123,743**
Long-term liabilities			
Long-term loans	17	25,256	5,816
		25,256	**5,816**
Current liabilities			
Prepayments from third parties	18	34,664	42,280
Accounts payable	18	20,104	10,900
Taxes and social security contributions	18	3,799	3,593
Liabilities relating to other staff costs	18	6,949	7,131
Pension liabilities	18	3,095	3,561
Other liabilities and accrued expenses	18	3,374	9,339
		71,985	**76,804**
TOTAL		**220,933**	**224,535**

Consolidated statement of income

Consolidated statement of income (x EUR 1.000)

OPERATING INCOME	Note	2014	2013
Revenue			
• Financing by the State of the Netherlands	19	31,681	33,696
• Assignments and other funds	20	91,288	89,948
• Changes in WIP and inventories of finished goods		2,363	-121
		125,332	**123,523**
Capitalised corporate production	21	5,160	8,540
Other operating income	22	9,225	9,690
Total operating income		**139,717**	**141,753**
OPERATING EXPENSES			
Cost of raw materials and consumables		7,443	4,953
Wages and salaries	23	61,023	58,037
Social security charges	23	7,561	7,197
Pensions	23	8,295	9,297
Amortisation of intangible fixed assets	1	459	459
Depreciation of tangible fixed assets	24	7,636	8,340
Other operating expenses	25	63,996	58,263
Total operating expenses		**156,413**	**146,546**
OPERATING RESULT		**-16.696**	**-4.793**
Share in income from participations		-226	-98
Financial income and expenses	26	221	616
Consolidated result ordinary operating activities for tax		**-16.701**	**-4.275**
Taxation on result from ordinary activities	27	-77	-534
Consolidated result after taxation		**-16.778**	**-4.809**
Minority interests		0	0
Result of the legal entity		**-16.778**	**-4.809**

Statement of aggregate results of the legal entity

	2014	2013
Consolidated net result	-16.778	-4.809
Direct movements in equity	0	0
Aggregate result after taxes	**-16.778**	**-4.809**

Consolidated cash flow statement

Consolidated cash flow statement (x EUR 1.000)

(according to the indirect method)		**2014**		**2013**
Operating result		-16.696		-4.793
Amortisation of intangible fixed assets		459		459
Depreciation of tangible fixed assets		7,639		8,340
Movement in provisions:		-1.445		-3.086
Movements in working capital				
• Work in progress	-1.132		121	
• Inventories	2,696		-3.853	
• Receivables and prepaid expenses	2,129		-2.129	
• Current liabilities	-4.701		8,713	
		-1.008		2,852
Cash flow from business activities		-11.051		3,772
Financial income: - interest received	854		1,503	
Profit tax paid	-195		-354	
		659		1,149
Cash flow from operating activities		**-10.392**		**4,921**
Investments intangible fixed assets	-323		-1.081	
Disposal of intangible fixed assets	0		0	
Investments tangible fixed assets	-4.450		-8.325	
Disposal of tangible fixed assets	1		1,840	
Investments in and disposal of other financial assets	6,672		577	
		1,900		-6.989
Cash flow from investment activities		**-8.492**		**-2.068**
Movement in financing	19,440		-4.684	
Financial expenses (interest paid)	-633		-542	
Cash flow from financing activities		18,807		-5.226
Net cash flow		**10,315**		**-7.294**
Exchange rate and translation differences cash and cash equivalents		0		**0**
Movement in cash and cash equivalents		**10,315**		**-7.294**
Opening balance cash and cash equivalents		105,935		113,229
Closing balance cash and cash equivalents		116,250		105,935
Movement in cash and cash equivalents		**10,315**		**-7.294**

Notes to the consolidated financial statements

General

Unless indicated otherwise, all amounts stated in the annual report are x EUR 1.000.

Stichting Energieonderzoek Centrum Nederland (ECN) has its registered office in Petten, municipality of Schagen, the Netherlands. ECN's object is to gain knowledge and experience in the field of energy and to ensure that it is effectively made instrumental to the public interest and the various sub-interests to be distinguished therein.

Activities

The activities of ECN and its group companies primarily consist of:

a. conducting and commissioning fundamental, strategic, and applied research and related studies in fields determined by ECN itself, or as instructed by the national government, lower government authorities, companies, including electricity companies, other organizations and individuals.
b. making accessible and sharing the results of research and studies as referred to under a., and supervising and providing support in the application of those results.
c. collaborating with companies, included energy companies, and other research institutions in research and studies as referred to under a.
d. contributing to coordinating research and studies in the Netherlands, and collaboration internationally.

Group structure

ECN heads a group of companies. An overview of the information required under Sections 379 and 214 Book 2, of the Netherlands Civil Code is included below:

Consolidated participations:

Name	Registered office	Share in issued capital
NRG v.o.f.	Petten, municipality of Schagen	99%
NRG Nuclear Services B.V. *	Arnhem	100%
ECN Wind Energy Facilities B.V.	Petten, municipality of Schagen	100%
ECN Windturbine Testpark Wieringermeer C.V.	Petten, municipality of Schagen	100%
SunLab B.V.	Petten, municipality of Schagen	100%
Stichting ECN Nucleair **	Petten, municipality of Schagen	

* NRG Nuclear Services B.V. is responsible for commercialising licensing rights relating to loading of reactors in the US.
** Stichting ECN Nucleair is fully included in the consolidation because Stichting ECN has full control over Stichting ECN Nucleair. Stichting ECN Nucleair holds the remaining 1% interest in NRG v.o.f. Stichting ECN Nucleair is the legal successor of ECN Nucleair B.V

Non-consolidated participations
For a specification of the non-consolidated participations, reference is made to the note on the participations in the balance sheet.

Consolidation principles

The consolidated financial statements of ECN include the financial statements of the group companies, and other legal entities over which ECN has management control, or that are managed centrally. If these entities are immaterial to the view presented by the consolidated financial statements, they are not included in the consolidation.
The consolidated financial statements are prepared in accordance with the accounting principles of ECN. The financial statements of the group companies, and other legal entities and companies included in the consolidation, have been fully included in the consolidated financial statements. All intercompany balances and transactions have been eliminated. Minority interests in ECN's equity and the results of group companies are reported separately in the

consolidated financial statements. The results of newly acquired group companies and the other legal entities and companies included in the consolidation are consolidated as from the date of acquisition. On that date, the assets, provisions, and liabilities are valued at fair value. The paid goodwill is charged fully to the result in the year of acquisition of the entity. The results of divested participations are included in the consolidation until the date the group affiliation is terminated.

Accounting principles - general

The consolidated financial statements are prepared according to the stipulations in Title 9 Book 2 of the Netherlands Civil Code. Valuation of assets and liabilities and determination of financial results are based on the historical cost convention. Assets and liabilities are recorded at face value, unless mentioned otherwise. Income and expenditures are accounted for on an accrual basis. Profits are recorded insofar as realised as at the balance sheet date. Liabilities and possible losses originating before the end of the year are recorded if they have become known before the preparation of the financial statements.

Financial instruments

Financial instruments include primary financial instruments, such as receivables and debts, and derivative financial instruments. If the fair value of an instrument deviates from its book value, it is disclosed in the notes to specific balance sheet items. If the financial instrument is not included in the balance sheet, the information on the fair value is provided in the note on off-balance sheet rights and commitments. For the accounting principles relating to the primary financial instruments, we refer to the note on this specific balance sheet item. Financial derivatives whose underlying securities are not listed are stated at cost. If the fair value is below cost or negative as at the balance sheet date, the derivative is subject to a fair value write down charged to income.

Translation of foreign currencies

Receivables, debts, and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Transactions in foreign currencies during the year under review are recognized in the financial statements at the exchange rates prevailing at the transaction date. The exchange differences resulting from the translation as at the balance sheet date are included in the statement of income.

Comparative figures

The comparative figures have been reclassified to enhance the view provided and the comparability of the financial statements. The reclassification does not affect the company’s equity and result.
The reclassification regards a 2,730 transfer from the item ‘Work in progress’ to the item ‘Prepayments from third parties’.

Principles for valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are stated at cost incurred, less accumulated amortisation and impairment, if any. Annual amortisation is based on the straight-line method, as explained in the notes to the balance sheet, except for the rights to storage space for radioactive waste, which are valued and amortised based on the number of positions used in the HABOG (high radioactive waste treatment and storage facility). The useful economic life and amortisation period are revised at the end of each financial year.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairments, if any. Depreciation is based on estimated useful life of the respective assets and is calculated as a fixed percentage of cost, taking accounting of the residual value, if any. Depreciation commences when the asset is first used. Land is not depreciated. Periodic major maintenance is capitalised under the components method. The total expenses are allocated to the component parts.
The costs considered necessary for settlement of the re-establishment liability relating to the cost of dismantling buildings are capitalised as part of the carrying value of the respective assets.

Tangible assets under construction are stated at cost less impairments, if any. Cost comprises the costs of materials, direct labour, and an allocable part of production overheads. Periodic major maintenance is capitalised under the component approach. The aggregate expenditures are allocated to the component parts.

Financial fixed assets

Non-consolidated participations on whose business and financial policies significant influence is exercised are valued at net asset value, but not lower than nil. The net asset value is determined in accordance with the accounting principles of ECN.

Participations with a negative net asset value are valued at nil. If ECN fully or partly guarantees the debts of the relevant participation, a provision is formed for an amount equal to the share in the participation's losses or the sum of the expected payments by ECN to the respective participation.

Participations on whose business and financial policies ECN has no significant influence are valued at cost net of impairments, if any.
The receivables from and loans to participations as well as other receivables are included at market value on their first-time recognition and are then valued at amortised cost, which equals face value, net of any provisions deemed necessary.
The bonds stated under securities, both listed and unlisted, that do not also belong to a trading portfolio and are held until the end of the investment term, are valued at amortised cost or lower market value. If the market value is lower than the amortised cost, an impairment is recorded. Reversal of impairments is capped at the amortised cost that would have been calculated had there been no impairment.

Inventories

The item inventories includes the raw and ancillary materials to be used in the daily operations and the fuel needed for the operations of the HFR. Raw and ancillary materials are valued at the average acquisition price, determined as the lower of average purchase price and net realisable value. The inventory of fuels is valued at the acquisition price determined under the FIFO principle or lower net asset value. This lower net asset value is determined based on individual assessment of the inventories.

Work in progress

Work in progress is valued at cost incurred, less the amounts already stated on the balance sheet date and losses already foreseeable on the balance sheet date. The costs incurred include the direct use of materials, the direct wage and machinery costs and other costs that are directly attributable to the research project. The income from the financing of the research project is determined based on the costs incurred in connection with the work at the balance sheet date. Instalments invoiced relating to work in progress are deducted from the value of the work in progress. Any resulting negative balance of work in progress is accounted for under current liabilities.

Receivables and prepaid expenses

Receivables are included at face value on first-time recognition and are subsequently stated at amortised cost, which can be equal to the face value, less any bad debt provisions deemed necessary. These provisions are based on an assessment of individual receivables.

Cash and cash equivalents

Cash and cash equivalents are measured at face value. If cash is not freely disposable, this is reflected in the measurement.

Minority interests

The share of third parties in group equity concerns the minority interest of third parties in the equity of consolidated companies. The share of third parties in the result of consolidated companies is deducted in the statement of income on the group result.

Provisions

Provisions for employee benefits

In 2006, the pension plan was changed from a defined benefit plan into a defined contribution plan. Under this pension plan, ECN pays fixed is the respective pension insurers and funds and has no payment obligations other than those fixed amounts. The amounts are taken as an expense when they are payable.

These pension liabilities are valued under the ‘liability to administrator approach’. Under this approach, the pension contributions payable to the fund administrator are expensed in the income statement. At the end of the administration agreement, it is established whether and, if so, what liabilities exist apart from the payment of the pension contributions annually due to the fund administrator. These additional liabilities, including any liabilities from recovery plans of the pension administrator, result in expenses for the group and are recorded on the balance sheet as a provision.

The provision for pension indexation is recorded at present value.

Other long-term employee benefits concern the benefits included in the remuneration package, such as long-service awards, temporary leave and related benefits. All these benefits are long-term. The net liability relating to these benefits concerns the sum of the future benefits earned by employees in exchange for their services in the current and prior reporting periods. Actuarial gains and losses on other long-term employee benefits are directly added or charged to the income statement.

Redundancy arrangements involve liabilities on account of termination of employment of workers prior to their respective pension start dates. Redundancy payments are recorded if a reasonable case can be made that there is an obligation to terminate the employment of certain workers. Compensations are taken against real value. The liabilities are recorded as such and disclosed under provisions. For bonus and profit sharing schemes based on relevant performance regulations, a liability is included under short-term liabilities.

Provision for radioactive waste

This provision has been formed for the costs of future treatment and storage of radioactive waste as at the balance sheet date and settlement of the re-establishment liability relating to the cost of dismantling buildings and installations. The part of the provision relating to the costs of future treatment and storage of radioactive waste as at the balance sheet date is stated at face value. Each year, the provision for settlement of the re-establishment liability relating to the cost of dismantling buildings and installations is adjusted for inflation.

Provision for redundancy costs

This provision is formed for the costs relating to restructuring of the activities following termination of the Energy Research Grant Scheme (regeling Energie Onderzoek Subsidie, EOS). The provision is based on the expected costs ensuing from a formalised social plan and the implementation - after the balance sheet date - of a restructuring plan.
The provision for restructuring also includes the costs ensuing from restructuring of the corporate services departments in 2013. This provision is based on the expected costs according to the formalised social plan and implementation after the balance sheet date of the restructuring plan.

Other provisions

Unless otherwise mentioned, the other provisions are valued at the nominal value of the expenses that are expected to be necessary to settle the respective liabilities.

Principles for determination of financial results

Operating income

Operating income includes income from services and products supplied during the year under review, less the taxation of the turnover. Income from research projects is included in proportion to progress made. Costs for these research projects are recognised as incurred.

Operating grants

Operating grants are added to the income statement in the year to which the subsidised expenses are charged/ in which the income was lost/in which the operating loss was occurred.

Share in income from participations

The results of participations on whose business and financial policies ECN exercises significant influence are stated as the share in the profit of these participations to which ECN is entitled. This profit is determined in accordance with the principles for valuation and determination of the result applicable at ECN. Dividends from participations on whose business and financial policies ECN does not exercise significant influence are accounted for as income under the item 'financial income and expenses'.

Taxes

Corporate income tax is determined by applying the respective rate to the result for the financial year, taking into account permanent differences between profit calculations for financial reporting and tax purposes. Deferred tax assets (if any) are accounted for only insofar as their realisation is probable.

Principles for the preparation of the consolidated cash flow statement

The cash flow statement is prepared according to the indirect method. The cash in the cash flow statement consists of cash and cash equivalents. Cash flows in foreign currencies are translated at an estimated average rate. Exchange differences relating to funds are shown separately in the cash flow statement. Profit taxes, interest received and dividends paid are included under the cash flow from operating activities. Interest and dividends paid are included under the cash flow from financing activities.

Notes to the consolidated balance sheet

Fixed assets

1. Intangible fixed assets

Movements in intangible fixed assets can be specified as follows:

	HABOG	Concessions, permits and intellectual property	Research and development costs	Total 2014	Total 2013
Acquisition cost					
As at 1 January	1,697	1,039	1,331	4,067	3,345
Investments	0	44	279	323	1,081
Disposals	0	-59	0	-59	-359
As at 31 December	**1,697**	**1,024**	**1,610**	**4,331**	**4,067**
Amortisation					
As at 1 January	-771	-394	-157	-1.322	-1.222
Amortisation for the year	0	-260	-199	-459	-459
Disposals	0	59	0	59	359
As at 31 December	**-771**	**-595**	**-356**	**-1.722**	**-1.322**
Book value					
As at 1 January	926	645	1,174	2,745	2,123
Investments	0	44	279	323	1,081
Disposals	0	0	0	0	0
Amortisation for the year	0	-260	-199	-459	-459
As at 31 December	**926**	**429**	**1,254**	**2,609**	**2,745**

The item HABOG concerns additional storage space rights for high radioactive nuclear fuel waste at Covra N.V. The carrying value at year-end 2014 is 926 and is based on the available HABOG positions.
The item concessions, permits and intellectual property also includes software licenses. Both the costs of intellectual property and the development costs are amortised in 5 years.

2. Tangible fixed assets

Movements in tangible fixed assets can be specified as follows

	Land and buildings	Industrial fixtures and fittings	Instruments and machines	Assets under construction	Total 2014	Total 2013
Acquisition cost						
As at 1 January	84,919	56,544	67,986	1,601	211,050	206,291
Investments	475	210	1,562	2,204	4,451	8,326
Transfers	23	203	200	-426	0	0
Disposals	-2.713	0	0	0	-2.713	-3.566
As at 31 December	**82,704**	**56,957**	**69,748**	**3,379**	**212,788**	**211,051**
Depreciation						
As at 1 January	-57.268	-45.396	-61.356	0	-164.020	-157.406
Depreciation for the year	-3.388	-1.690	-2.561	0	-7.639	-8.340
Transfers	0	-13	13	0	0	0
Disposals	2,712	0	0	0	2,712	1,726
As at 31 December	**-57.944**	**-47.099**	**-63.904**	**0**	**-168.947**	**-164.020**
Book value						
As at 1 January	27,651	11,148	6,630	1,601	47,031	48,885
Investments	475	210	1,562	2,204	4,450	8,326
Transfers	23	190	213	-426	0	0
Disposals	-1	0	0	0	-1	-1.840
Depreciation for the year	-3.388	-1.690	-2.561	0	-7.639	-8.340
As at 31 December	**24,760**	**9,858**	**5,844**	**3,379**	**43,841**	**47,031**

As at 31 December 2014, the item land and buildings includes an amount of 10,461 for decommissioning (2013: 11,122).

Depreciation is on a straight-line basis using the following periods:

- Buildings 20 to 30 years
- Temporary buildings and site facilities 10 years
- Industrial fixtures and fittings 10 years
- Instruments, machinery, etc. 5 years
- Computer hard- and software 3 years

As of 31 December 2000, the re-establishment costs for decommissioning nuclear buildings and installations are written down to the date of re-establishment and/or decommissioning. The site was acquired in 1957 under a long-term lease from Staatsbosbeheer. The period of long-term lease was extended in between and now runs up to 2051.

3. Financial fixed assets

Movements in participations were as follows:

		2014		2013
Balance as at 1 January		136		31
• Investments	210		192	
• Disposals	0		0	
• Share in income from participations	-246		-87	
		-36		105
Balance as at 31 December		**100**		**136**

Other participations

The following participations in knowledge-based and other enterprises were reported at the corresponding values.

	Place of establishment	ECN interest in %	2014	2013
Sundye B.V.	Petten	100.0	16	16
Aster Intellectual Properties B.V.	Veessen	18.0	0	0
BO2 Energy Concepts B.V.	Petten	100.0	4	4
ToN2 B.V.	Petten	95.0	2	0
Solar Academy B.V.	Petten	100.0	0	0
Sulphcatch B.V.	Petten	100.0	0	0
Fest GmbH	Achen	100.0	0	2
ECN New Energy Technologies Co China	Beijing	100.0	68	114
Admatec B.V.	Moergestel	33.3	10	0
Total as at 31 December			**100**	**136**

The above companies in which ECN has a controlling interest are not included in the consolidation as their joint significance is negligible to the company as a whole.

Securities

The securities portfolio fully comprised bonds in a single fund that were to expire in 2015. The fund was sold in May 2014.

Movements in the portfolio were as follows:

	2014	2013
Balance as at 1 January	5,955	5,869
• Sales	-5.969	0
• value differences	14	86
Balance as at 31 December	**0**	**5,955**

Other receivables

This item includes the receivable from Mallinckrodt LTD (formerly Covidien LTD) regarding the payable lease terms for the Molybdeen building. The basis is an investment of 20.000 and a contract for 20 years. The interest was revised in 2006 under a contractual provision based on which the lease price will be valued for the remaining terms (40 quarters). The outstanding receivable at year-end 2014 was: 907. Repayment in 2015 will be 907 and is included under current assets.

Movements in Other receivables were as follows

		2014		2013
Balance as at 1 January		907		1,773
• Transfer to receivables and prepaid expenses	-907		-866	
		-907		-866
Balance as at 31 December		**0**		**907**

Current assets

4. Inventories

	2014	2013
Warehouse inventory	92	127
Inventory of scanners	234	234
Inventory of fuel HFR	11,963	14,624
Balance as at 31 December	**12,289**	**14,985**

The inventory of fuel HFR includes the prepaid inventory of 866 (2013: 472).

5. Work in progress

	2014	2013
• Work in progress	28,611	27,479
• Provision for work in progress*	-1.956	-4.386
• Provision for EU projects*	-3.302	-5.695
Balance as at 31 December	**23,353**	**17,398**

* These provisions are reported on the liabilities side of the balance sheet.

6. Receivables and prepaid expenses

The receivables are included at amortised cost, equalling the face value, less any provisions required. The receivables are due within 1 year and can be specified as follows.

	2014	2013
• Accounts receivable	9,972	13,938
• Receivables on participations	1	0
• Other receivables and prepaid expenses	7,260	5,424
Balance as at 31 December	**17,233**	**19,362**

As at year-end 2014, the bad debt provision totalled 1,336 (2013: 695). The movements in the aggregate bad debt provision were as follows.

	2014	2013
Balance as at 1 January	695	433
• Addition	670	300
• Withdrawal	-2	-7
• Release	-27	-31
Balance as at 31 December	**1,336**	**695**

7. Cash

Cash is freely disposable, with the exception of 51,223 (see detailed specification below). ING Bank has withdrawn the credit facility upon the repayment of the bond.

	2014	2013
• Cash	3	4
• Deutsche bank	2,753	13,197
• ING	113,494	92,734
Balance as at 31 December	**116,250**	**105,935**

Not freely disposable:

• ING Escrow account	38,043	46,634
• ING 6th and 7 th framework accounts	1,347	7,171
• Blocked for restructuring costs	1,597	1,710
• RWE measurement mast	759	913
• ADEM project	7,817	6,788
• Solliance project	1,660	4,143
Total	**51,223**	**67,359**

Each year interest from the bank accounts is added to the ING Escrow account. In the ING Escrow accounts from 2004 and 2006, this amount is supplemented up to an annual interest rate of 5%. This addition of interest is financed out of the freely available cash and cash equivalents of ECN and is 781 in 2014 (2013: 737).

Liabilities

8. Group equity

Reference is made to the notes on equity in the statutory financial statements. The minority interest in the group equity concerns a capital contribution by limited partners in ECN Windturbine Testpark Wieringermeer C.V.

Provisions

The majority of the provisions below are long term.

		2014	2013
Provision for radioactive waste	9	109,660	105,579
Provision redundancy costs	10	3,369	1,710
Provision for pension indexation	11	1,904	3,719
Provision for compensation upon commencement of retirement	12	732	845
Provision for Job-Related Discharge Regulation (RBF)	13	189	189
Provision for long-service awards	14	1,112	1,078
Provision for WIP	15	1,956	4,386
Other provisions	16	3,376	6,237
		122,298	**123,743**

9. Provision for radioactive waste

Movements in the provision can be specified as follows.

		2014		2013
Balance as at 1 January		105,579		107,771
• Withdrawal	-15.638		-8.898	
• Inflation adjustment	453		1,102	
• Addition	19,266		5,604	
		4,081		-2.192
Balance as at 31 December		**109,660**		**105,579**

The balance as at 31 December 2014 can be broken down as follows:

Provision for radioactive waste	80,366
Provision for decommissioning nuclear buildings and installations	29,294

The provision for radioactive waste, historic and otherwise, is intended for the costs of future treatment, removal and storage of radioactive waste and for settling the recovery obligation in respect of dismantling costs.

The treatment, removal and storage of radioactive waste is spread over time (period 2015 through 2030+). It is arranged through the Radioactive Waste Management Program (RWMP). The RWMP is a complex and extensive program, covering both larger and smaller waste streams. The complexity has various causes, such as the specialist knowledge required; the limited capacity available (worldwide); the lack of data collected; the increase in legislation and regulations; and the dependence on a limited number of parties available for removal and storage. Specific plannings and priorities are determined for the various waste streams. One of the ways this is done is through consulting the licensing authorities. The activities involved with dismantling the nuclear installations fall within the scope of the RWMP, too. A provision has been formed for the costs involved with implementing the RWMP. The greatest part of the costs involves the RAP project. This project involves the transfer of so-called historical high radioactive waste, stored at the Petten site, to COVRA (the government-designated institution for the storage of radioactive waste). The RAP project has two mains streams, with the distinction being made according to how much so-called alpha emitters the waste contains. A removal route has been prepared for the waste streams that do not contain alpha emitters. Most of this has been laid down in a contract. The planning involved in this waste removal has been known for some years, while the related costs can be estimated fairly well, too. The processing, repackaging, and assessing the contents result in changes in the costs.

As regards the waste stream that does contain alpha emitters, the removal route was not mapped out until recently. On the back of the insights obtained about the options available for the removal of this waste and the related estimates made for the cost of removal, the provision to this end has been adjusted upwards by 11.5 million euro as at year-end 2014. Since the RAP project is still ongoing the cost estimate is revised regularly, with which the uncertainty gradually diminishes. Nevertheless, many things are not ultimately determined until during the separation process – this is a final test as regards the estimates and assumptions.

Only a rough cost estimate is made for the other waste streams within the RWMP. This is likewise based on expert opinions and experience gained with similar national activities and activities abroad. Any future developments, for instance in terms of licenses and technical licenses, are taken into account as much as possible.

The estimates obviously contain a considerable uncertainty. Estimates and assumptions by nature almost always deviate from the actual result. They are based on past experiences and other factors, among which expectations about future events that, according to the current state of the affairs, may reasonably be expected to occur. Major components in the estimates about which more information becomes available during the process include the ratio for high, medium and low radioactive barrels; the timing involved in removing the barrels; and the removal process.

The provision for the costs of the recovery obligation in respect of the dismantling costs of nuclear buildings and installations contains major assumptions and estimate components as well. The Plan of Approach for the decommissioning of nuclear facilities was used to estimate the dismantling costs.

The bulk of the dismantling activities will not take place until the operations of the various nuclear facilities have been terminated (2024). So, this is in the distant future. This has implications for the uncertainty about the reliability of the calculated obligation. The policy assumes the use of the empirical figures obtained during the dismantling activities to be rolled out over the coming years (in particular the LFR and buildings 05 and 06), when periodically evaluating the estimates and assumptions. Based on renewed insights, the provision was adjusted upwards by EUR 4.0 million.

Based on what is stated above, it can be concluded that the provision accounted for is based on the best possible estimate of the expected costs for satisfying the present obligations.

The withdrawal from the provision in 2014 particularly relates to the payment to COVRA for the costs for the passive period and the final storage, and the costs incurred in respect of preparing the processing of historical waste. The 2014 inflation adjustment was 453 (2013: 1,102).

10. Provision for pension indexation

This provision was formed to cover costs of staff redundancies ensuing from reorganizations.

Movements in the provision were as follows.

		2014		2013
Balance as at 1 January		1,710		2,875
• Withdrawal	-318		-1.165	
• Addition	1,977		0	
		1,659		-1.165
Balance as at 31 December		**3,369**		**1,710**

11. Provision pension indexation

The (paid up) pension entitlements, accrued up to year-end 2006 by both active participants and former participants were deposited with Centraal Beheer Achmea (CBA). Effectively, the pension obligation as presented has the character of ‘contributions to be paid to CBA’; this means it is not a self-administered pension obligation.

With the exception of the pension rights based on the pension rules of 1964 (the pension rights with a fixed 3% annual increase), ECN and NRG will annually index the aforementioned pension rights. The indexation is financed separately from the new pension plan at ABP since 1 January 2007. The pension plan aims at indexation at price index level, but is limited to what can be achieved in any year with the disposable financial resources. For this reason, the indexation provisions in the various pension schemes have been amended (unilaterally). This indexation method is applied to achieve a near market-level result within the limited financial means.

To finance the indexation, the following financing is available, and/or ECN/NRG will make the following financing available as from 2007:

- For a period of 10 years, ECN/NRG will pay a fixed amount of 2 million into the deposit each year.
- For a period of 10 years, a preferential allocation of the result of 1 million will be paid into the deposit each year. This allocation is conditional to sufficient positive result. If the positive result is smaller than 1 million, the full amount of the result will be

transferred to the deposit.
- For a period of 10 years, 1/3 of a positive result between 1 and 4 million will be paid into to the deposit each year. This payment is conditional to the result being more than 1 million.
- For a period of 10 years, a payment of half of the positive result above 4 million will be paid to into the deposit each year. This payment is conditional to the result being more than 4 million.
- Result is defined as net consolidated result after taxes.

Early in 2006, a provision was formed for the fixed annual 2 million deposit at consolidated level. Based on a discounted cash flow analysis, at 5% interest, 16.2 million was provided for at consolidated level in 2006. This provision is included at present value each year, with the fixed deposit for the coming year being included under current liabilities (reclassification).

Movements in this provision can be specified as follows.

		2014		2013
Balance as at 1 January		3,719		5,446
• Reclassification	-2.001		-2.000	
• Addition of interest	186		273	
		-1.815		-1.727
Balance as at 31 December		**1,904**		**3,719**

In 2014, an aggregate of 2,000 was transferred to CBA. This enabled an indexation of 0.679% on accrued paid-up entitlements at CBA. The profit-related contribution over the result for 2013 was nil. Because of the negative net result over 2014, the profit-related contribution over the result for 2014 will likewise be nil.

12. Provision for compensation upon commencement of retirement

rticle 24, paragraph 7 of the transitional regulation as included in the pension plan 1999 on the compensation on commencement of retirement continues to be effective. This compensation is based on a graduated scale linked to the years 2000 up to and including 2018 and generates 3 monthly salaries in 2000 to 1.25 monthly salaries in 2018. Under the same tax limitations applying to anniversary and redundancy disbursements, this compensation is paid to employees who retire directly after employment.

Movements in this provision were as follows.

		2014		2013
Balance as at 1 January		845		1,060
• Withdrawal	-155		-268	
• Addition of interest	42		53	
		-113		-215
Balance as at 31 December		**732**		**845**

13. Provision for Job-Related Discharge Regulation (RBF formerly FLO)

Employees working in shifts were entitled to early retirement under the regulation on job-related discharge from service dictated by age (FLO) as from the age of 57.5. Due to statutory changes, this regulation was no longer permitted as of 2006. A new regulation was agreed in consultation with the respective employees in 2006. This regulation became effective on 1 January 2007. Under the new Job-Related Discharge Regulation (Regeling Bezwarende Functies) a personal budget is granted for years of service in a strenuous job. With this budget, employees can accrue life-cycle savings under a life-cycle savings regulation, which can be withdrawn to finance life-cycle leave prior to the pensionable age. In addition, a transitional regulation has been provided for current employees. Under the transitional regulation, a personal budget is granted afterwards for years of service in a strenuous job until 2006. On top of this, the regulation provides for additional compensation in the form of extra leave entitlements per age cohort. A provision has been included in connection with this regulation. This provision is based on the assumption that the tax administration will consider parts of the transitional regulation inadmissible under tax law and will impose penalties with respect to the leave entitlements granted of 26% (up to and including 2010) and 52% (from 2013), respectively.

The withdrawal from this provision consists of two parts: payments to the existing group of beneficiaries under the former FLO regulation, and payments to the present employees in the form of personal budgets under the new RBF regulation. Payments relating to the personal budgets were charged to the provision. Also the costs incurred for the existing beneficiaries during the year under review under the old FLO regulation were charged to the provision.

Movements in this provision were as follows.

		2014		2013
Balance as at 1 January		189		189
• Withdrawal	0		0	
		0		0
Balance as at 31 December		**189**		**189**

14. Provision for long-service awards

This provision is formed for payment of future long-service awards.

Movements in this provision were as follows.

		2014		2013
Balance as at 1 January		1,078		1,078
• Withdrawal	-72		-109	
• Addition	76		78	
• Addition of interest	30		31	
		34		0
Balance as at 31 December		**1,112**		**1,078**

The provision has been determined based on the following principles:

- The payroll as at 1-1-2015 and a redundancy rate of 3%;
- Addition of interest of 5% annually;
- Annual pay rise of 2%.

15. Provision for work in progress

This provision is formed for the costs of future treatment and storage of radioactive waste and for settlement of the re-establishment liability relating to dismantling costs.

Movements in this provision were as follows.

		2014		2013
Balance as at 1 January		4,386		1,468
• Withdrawal	-1.038		-65	
• Release	-1.436		0	
• Addition	44		2,983	
		-2.430		2,918
Balance as at 31 December		**1,956**		**4,386**

16. Other provisions

Movements in “Other provisions” were as follows.

		2014		2013
Balance as at 1 January		6,237		6,942
• Withdrawal	-643		-31	
• Release	-2.208		-940	
• Addition	-10		266	
		-2.861		-705
Balance as at 31 December		**3,376**		**6,237**

The provision consists of:

Tariff variances EU projects	3,302	5,695
Lead cells	0	458
Provision for participation Solar Academy B.V.	6	6
Dismantling SOFC assets	45	45
Provision participation Sulphcatch B.V.	23	23
Provision participation ToN2 B.V.	0	10
	3,376	**6,237**

A provision of 3,302 (2013: 5,695) has been formed for the estimated financial consequences of the revised/to be revised expense claims relating to yet uncompleted projects at the EU. This was caused by a revised method for determining tariffs based on the findings from audits performed by or on behalf of the European Commission. In 2014, an amount of 1,750 of the provision was released in favour of the result as a result of the updated calculation of the provision. The update was performed on the basis of the settlement method agreed upon with the EU.

The provision for cleaning and maintenance of lead cells was formed for the lead cells in the Hot Cell Laboratories (HCL). The provision is based on historical figures relating to the cleaning costs per cell.

At the end of 2009, a decision was made to terminate the SOFC operations as this research programme was not considered to offer any perspectives for the future. A small amount of the provision formed still remains. This serves to defray the expected costs of dismantling and removing the testing facilities involved.

17. Long-term liabilities

The long-term debts consist of:

		2014		2013
Balance as at 1 January		5,816		10,500
• Withdrawal of loan	25,000		106	
• Addition of interest	302			
• Release	-5.862		-4.790	
		19,440		-4.684
Balance as at 31 December		**25,256**		**5,816**

The loan as at year-end 2013 concerns the loan provided by the Ministry of Economic Affairs granted in 2012 for additional costs incurred for the removal of historical radioactive waste. Assuming the loan conditions will be complied with, an amount of 4,790 was credited to the result in 2013. This amounted to 5,862 in 2014. This movement was recorded following the increase in the provision for radioactive waste (additional costs). This loan was nil as at 31 December 2014.

The loan as at year-end 2014 fully comprises the loan granted by the Minister of Economic Affairs on 17 October 2014, to guarantee the continuity of ECN and NRG. It is inclusive of the interest addition. It concerns a loan agreement under private law, with a right of pledge being granted on patents with which the rights already granted to third parties upon entering into the contract have been taken into account. The loan is capped at EUR 82 million and is made available in tranches. The first tranche of EUR 25 million was drawn in 2014. The interest due over the loan is charged at a rate of 5.5%.

The interest is not due immediately, but is added to the principal. According to the agreed upon repayment schedule the first repayment will be made in 2018. The final repayment will be made in 2023.

18. Current liabilities

Current liabilities have a term of less than one calendar year:

	2014	2013
1. Prepayments from third parties	34,664	42,280
2. Accounts payable related to third party deliveries and services	20,104	10,900
3. Taxes and social security contributions		
• Corporate income tax	97	215
• Wage tax	3,702	3,378
4. Liabilities relating to other staff costs		
• Pension charges	3,095	3,561
• Other staff costs	462	674
• Reservation for holiday allowance and leave balances	6,487	6,457
5. Other liabilities and accrued expenses		
• Funds advanced for 6th & 7th framework accounts	1,347	7,171
• Other liabilities	2,027	2,168
Balance as at 31 December	**71,985**	**76,804**

The items 'Prepayments by third parties' and 'Funds advanced for 6th and 7th framework accounts' concern advances received from partners of ongoing projects which ECN received from the EU in its capacity as project coordinator and has to pass on.

Financial instruments

The risks relating to financial instruments are explained below:

- Currency exchange risks
  For most transactions with suppliers and buyers, ECN and its subsidiaries apply the euro as payment currency. As a result, the currency exchange risk of ECN and its subsidiaries is limited to an insignificant number of transactions outside the Eurozone. NRG uses forward contracts to hedge currency risks on purchasing raw materials. At the time the purchase contract in a foreign currency is signed, the term rate is fixed for the moment the transaction is realised. No currency contract was outstanding as at 31 December 2013.

- Interest risks
  The main interest risk that ECN runs at a consolidated level is a difference between proceeds of investments and cash versus the required additions of interest to provisions. Through active asset management we try to mitigate this risk as much as possible.
- Credit risks
  These are reduced as much as possible by doing business with third parties that have good creditworthiness and actively pursue debt management.

Off-balance sheet commitments

a. As a partner to the partnership firm NRG, ECN is jointly and severally liable for the debts of this firm. In addition, as a wholly owned subsidiary of ECN, ECN Wind Energy Facilities B.V. is jointly and severally liable for the debts in its capacity of managing partner of ECN Windturbine Testpark Wieringermeer C.V.
b. In 2004, ECN received funds from the Ministry of Economic Affairs totalling over 15.800 and in 2006, it received an amount of 8.100 from the Ministry and in 2012 an amount of 35,000. These payments served to defray the costs of work related to the disposal of radioactive waste. If due to circumstances, ECN is not able to perform the work itself, or commission the work to third parties under its supervision, it is obliged to repay the non-disbursed amount to the Ministry of Economic Affairs. The payments from the Escrow account that has been opened for this purpose may be solely be remitted, if the payment orders are signed by both parties (the Ministry of Economic Affairs, Agriculture & Innovation and ECN). In 2013, an amount of 4,790 of the amount received in 2012 was credited to the result. This was 5,862 in 2014. Anticipating final approval by the Ministry of Economic Affairs, this movement was recorded on account of the increase in the provision for radioactive waste (additional costs).
c. The site was acquired in 1957 under a long-term lease from Staatsbosbeheer. It has been extended in between and will now expire in 2051. On 1 January 2006, the annual ground rent was set at 204 per year. As from 1 January 2009 it needs to revised with retroactive effect based on an appraisal of the parcel of land on which the premises have been erected. ECN is currently negotiating with Staatsbosbeheer about the value of the parcel of land on which the premises have been erected.
d. Wind Energy Facilities B.V. (WEF) has building rights for a 25 year period starting in 2010, for which it pays 40 annually.
e. On 5 July 2007, ECN and NRG were summoned by the Association of Ex-Employees of ECN & NRG (OMEN). OMEN has applied for a declaratory judgment that ECN et. al. did not have the power to change the indexation provisions in the pension schemes relating to the former employees of ECN. In 2006, the indexation provisions were changed for both active and non-active persons and indexation was made conditional following a previous court decision in which these provisions were regarded unconditional. The court decision could result in a financial emergency for ECN/NRG, since unconditional indexation under the applicable accounting principles requires recognition of a very substantial expense. On 16 July 2008, the judge pronounced an interlocutory judgment. OMEN has lodged an appeal against this interlocutory judgment. OMEN's main objection against this interlocutory judgment focuses on the judgment of the court that in the event of significantly changed financial circumstances ECN and NRG would have had the authority towards their former employees to unilaterally change the pension plans as at 1 January 2007. In its decision of 29 December 2009, the Amsterdam Court of Appeal dismissed the appeal lodged by OMEN on the grounds that a pension agreement does not cease to be effective upon termination of employment but as and when pension payments are no longer due. The Court also ruled that a change in pension plans is justified if the interests of ECN and NRG are of such a relevance that they outweigh the interests of the former employees in accordance with the standards of reasonableness and fairness. Following this decision, the case was initially referred back to the Alkmaar District Court where it was continued. On 8 September 2010, the Court rejected the claim submitted by OMEN and the latter has filed appeal against this judgment.
   On 1 November 2011, the Amsterdam Court of Appeal allowed the claim submitted by OMEN. ECN appealed against this decision to the Supreme Court and on 6 September 2013 the Supreme Court quashed the decision. The case was referred to the The Hague Court of Appeal for further treatment and pronouncement of a decision. The Court has already started treating the case and the Parties have submitted the documents for judgment. The Court of Appeal in The Hague pronounced its judgment on 31 March 2015. It has rejected all claims OMEN has against ECN and ratifies the earlier judgment of the Subdistrict Court dated

8 September 2010, which states that ECN had been entitled to at the time, to adapt the pension plan and implement a conditional indexation as at 1 January 2007. Once again, the objections of OMEN have thus been rejected. OMEN still has the option to appeal to the Supreme Court. A contribution will be made in 2014 in accordance with the agreements made at year-end 2006, i.e., payment of a fixed amount of EUR 2 million.

f. The Public Prosecution Service is conducting a criminal investigation into alleged non-compliance by NRG with the permit requirements for export of goods and services during the period up to and including 2012. Although NRG set up a robust compliance structure since that date, the risk exists that the Public Prosecutor will penalise NRG for this. The amount of any financial liability resulting from the alleged offense cannot be reliably estimated.

g. In addition, in two cases the Ministry of Infrastructure and the Environment has imposed an order subject to a penalty ["Last Onder Dwangsom" – LOD]. These LODs are remedial sanctions to safeguard the implementation of a number of technical measures at NRG. They must be implemented in the second half of 2015. Upon non compliance NRG will forfeit expenses of 80,000 per week (capped at 400,000) or 200,000 per week (capped at 800,000), respectively.

h. On 17 October 2014, the Minister of Economic Affairs announced a decision to grant ECN a EUR 82 million credit. This was realised in the form of a private loan agreement. The loan amount will be made available in tranches. a right of pledge being granted on patents with which the rights already granted to third parties upon entering into the contract have been taken into account.

i. Specification of contractual commitments entered into:

Description	< 1 year	>1yr <5yrs	>5yrs
Rent of buildings in Amsterdam (ECN) and Arnhem (NRG)	977	2,125	1,313
Lease of cars	387	353	0
Cleaning services	91	0	0
Bus transport	25	0	0
Maintenance Meteo mast	211	0	0
Maintenance coffee machines	115	10	0
Occupational Health and Safety Service	25	29	0
	1,831	**2,517**	**1,313**

Bank guarantees provided

The bank guarantees provided total 181 for ECN and 439 for NRG. The bank guarantees have primarily been provided at the request of the EU for the FP6/FP7 projects and the Ministry of Infrastructure and the Environment regarding prepayments for an EPZ barrel inspection.

Notes to the consolidated statement of income

Operating income

19. Financing by the State of the Netherlands

	2014	2013
• Basic, Engine and Knowledge financing	5,899	6,055
• Program and Cooperation financing	25,782	27,641
Total	**31,681**	**33,696**

The financing by the State of the Netherlands comprises subsidies from the Ministry of Economic Affairs and the Ministry of Infrastructure and the Environment granted. These subsidies are recognized in the financial year for which they were granted. The lawful spending of the funds has to be proven every year. Based on the assessment of the respective ministries, part of the subsidies that have been granted may be deducted from future subsidies. The income received includes the EZS funds received by NRG, totalling 8,169 (2013: 8,113), the Knowledge and Program Funding received by ECN, totalling 22,200 (2013: 24,176), and the funds received from the Ministry of Infrastructure and the Environment, totalling 1,312 (2013: 1,407).

20. Assignments and other funds

The item Assignments and other funds includes income from 100% third-party assignments, or the part performed by third-parties of joint assignments under partnership agreements. Third parties include the assignments commissioned by NL Agency on behalf of the Ministry of Economic Affairs and assignments commissioned by the EU. The table below includes a specification of third-party assignments, including the increase / decrease in work in progress, by client.

	2014	2013
• National trade and industry sector	26,709	27,842
• Domestic energy sector	5,919	5,196
• European Commission	18,804	14,237
• Foreign trade and industry sector	19,479	19,065
• Government agencies	9,394	11,649
• Technological institutes	4,511	4,573
• NL Agency	8,835	7,265
Total	**93,651**	**89,827**

21. Capitalised corporate production

Capitalised corporate production comprises operating expenses for work carried out by the company's own staff and with its own operating assets, credited to investments or debited to provisions.

	2014	2013
• Tangible fixed assets	657	1,272
• Provision for radioactive waste	4,503	7,268
Total	**5,160**	**8,540**

22. Other operating income

Other operating income can be specified as follows:

	2014	2013
• Royalties	277	814
• Energy supplies	5,700	5,491
• Lease of prototypes	1,295	1,465
• Rental income from lease contract with Mallinkrodt	147	147
• Other	1,806	1,773
Total	**9,225**	**9,690**

The other income includes amounts for use of facilities charged on to third parties established on the Research site Petten [Onderzoekslocatie Petten (OLP)].

Operating expenses

23. Wages and salaries, social security and pension charges

		2014		2013
• Temporary and permanent employment contracts (including doctoral students)	51,787		47,824	
• Other staff costs	9,236		10,213	
		61,023		58,037
• Social security charges		7,561		7,197
• Pension charges		8,295		9,297
Total		**76,879**		**74,531**

Average staffing (FTEs)

		2014		2013
Permanent employment		768		764
Temporary employment (including doctoral students)		88		91
Total average for the financial year		**856**		**855**

The abovementioned staffing in FTEs does not include the temporary employees.

24. Depreciation of tangible fixed assets

This item can be specified as follows:

	2014	2013
• Land and buildings	3,388	3,610
• Industrial fixtures and fittings	1,690	1,749
• Instruments and machines	2,558	2,981
Total	**7,636**	**8,340**

25. Other operating expenses

This item can be specified as follows:

	2014	2013
• Project costs	27,080	30,360
• Cost centres	23,129	22,869
• Staffing agency and seconded staff	2,468	2,894
• Movement in bad debt provision	586	266
• Movement provision EU projects	-1.750	0
• Movement in provision for radioactive waste	12,030	768
• Addition inflation adjustment provision for radioactive waste	453	1,102
• Movement in other provisions	0	4
Total	**63,996**	**58,263**

The project costs include the several costs for equipment and services related to projects. Particularly the costs for equipment can strongly fluctuate every year, depending on the types of projects realised in the related year. The line item cost centre costs includes various costs for equipment and services not directly linked to the projects realised.

The audit fee can be specified as follows:

	2014	2013
Financial statements audit	135	130
Other audit engagements	195	163
Total	**330**	**293**

26. Financial income and expenses

	2014	2013
Interest income and related income	854	1,158
Interest payable and related costs	-633	-542
Total	**221**	**616**

Interest income and related income

	2014	2013
Interest income from current account	561	916
Revaluation of securities	14	86
Capital gains	206	45
Other interest income	73	111
Total	**854**	**1,158**

Interest payable and related costs

	2014	2013
Interest payable on current account	20	51
Addition of interest to provision for severance pay	42	53
Addition of interest to provision for long-service awards	30	31
Addition for transitional pension law	186	273
Exchange losses	0	23
Other interest payable	355	111
Total	**633**	**542**

27. Taxes

The nominal tax rate in 2014 was 20% over profits up to 200 and 25.0% over higher profits (2013: 25%). The effective tax rate is -/- 0.5% (2013: -/- 12.5%). The difference between the nominal and effective tax burden is the result of the exemption of corporate income tax applicable to ECN and NRG. The rep orted tax burden concerns the activities of ECN Wind Energy Facilities B.V., SunLab B.V., and NRG Nuclear Services B.V.

4
Company financial statements ECN

Company balance sheet ECN

Company balance sheet ECN (x EUR 1.000)

(before allocation of result)

ASSETS	Note	31 December 2014	31 December 2013
Fixed assets			
Intangible fixed assets	28	429	645
Tangible fixed assets	29	25,811	28,773
Financial fixed assets:			
• Participation in group companies	30	8,647	7,674
• Other participations		100	136
• Securities		0	5,955
• Other receivables		4,838	5,378
Total financial fixed assets		**13,585**	**19,143**
Total fixed assets		**39,825**	**48,561**
Current assets			
Work in progress	31	22,747	21,023
Receivables from group companies	32	245	272
Receivables from other participations	33	1	0
Trade accounts receivable		4,175	8,816
Receivables and prepaid expenses		4,752	3,546
Inventories		92	127
		32,012	**33,784**
Cash and cash equivalents	34	**104,534**	**96,136**
TOTAL		**176,371**	**178,481**

Company balance sheet ECN (x EUR 1.000)

(before allocation of result)

LIABILITIES	Note	31 December 2014	31 December 2013
Equity	35		
Foundation capital		45	45
Statutory reserves		43	48
Other reserves		18,126	22,847
Retained earnings		-16.678	-4.726
		1,536	**18,214**
Provisions			
Provision for radioactive waste	36	92,534	90,647
Provision for redundancy costs	37	1,597	1,710
Provision for pension indexation	38	1,568	3,062
Provision for compensation upon commencement of retirement	39	732	845
Provision for long-service awards	40	614	596
Provision for WIP	41	462	839
Other provisions	42	3,376	5,779
		100,883	**103,478**
Long-term liabilities	43		
Long-term loans		25,256	5,816
		25,256	**5,816**
Current liabilities	44		
Prepayments from third parties		23,514	31,013
Debts to group companies		0	0
Accounts payable		15,709	5,579
Taxes and social security contributions		2,039	1,842
Liabilities relating to other staff costs		3,668	3,876
Pension liabilities		2,191	2,596
Other liabilities and accrued expenses		1,575	6,067
		48,696	**50,973**
TOTAL		**176,371**	**178,481**

Company statement of income

Company statement of income (x EUR 1.000)

OPERATING INCOME	Note	2014	2013
Revenue			
• Financing by the State of the Netherlands	45	23,512	25,583
• Assignments and other funds	46	36,693	38,887
• Changes in progress projects	46	1,724	2,168
• Sales in group companies	46	12,273	11,982
		74,202	**78,620**
Other operating income	47	1,962	2,090
Total operating income		**76,164**	**80,710**
OPERATING EXPENSES			
Wages and salaries	48	32,504	31,987
Social security charges	48	4,024	3,799
Pensions	48	4,545	5,113
Amortisation of intangible fixed assets	28	260	266
Depreciation of tangible fixed assets	49	4,738	5,825
Other operating expenses	50	33,148	23,697
Outsourcing to group companies	51	4,857	8,084
Total operating expenses		**84,076**	**78,771**
OPERATING RESULT		**-7.912**	**1,939**
Financial income and expenses	52	357	562
Income from participations	53	-9.123	-7.227
Result from ordinary operations before tax		**-16.678**	**-4.726**
Taxation on result from ordinary activities		0	0
NET RESULT after tax		**-16.678**	**-4.726**

Notes to the company financial statements of ECN

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

Accounting principles

For the general principles of the financial statements, the principles of valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

Participations in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the accounting principles applied by the respective group company.

Participations with a negative net equity value are valued at nil. If the company fully or partly guarantees the liabilities of the participation concerned, or has the effective obligation respectively, to enable the participation to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the participation are taken into account.

Fixed assets

28. Intangible fixed assets

	Total 2014	Total 2013
Acquisition cost		
As at 1 January	1,039	1,164
Investments	44	234
Disposals	-59	-359
As at 31 December	**1,024**	**1,039**
Amortisation		
As at 1 January	-394	-487
Amortisation for the year	-260	-266
Disposals	59	359
As at 31 December	**-595**	**-394**
Book value		
As at 1 January	645	677
Investments	44	234
Disposals	0	0
Amortisation for the year	-260	-266
As at 31 December	**429**	**645**

The intangible fixed assets consist of concessions, licenses and intellectual properties.
ECN has reviewed the book value of the intangible fixed assets and did not identify any indications of impairment.

29. Tangible fixed assets

Movements in tangible fixed assets can be specified as follows:

	Land and buildings	Industrial fixtures and fittings	Instruments and machines	Assets under construction	Total 2014	Total 2013
Acquisition cost						
As at 1 January	72,957	48,418	46,092	426	167,894	167,387
Investments	360	63	804	552	1,779	2,500
Transfers	23	203	200	-426	0	0
Disposals	-1,984	0	0	0	-1,984	-1,993
As at 31 December	**71,357**	**48,685**	**47,097**	**552**	**167,689**	**167,894**
Depreciation						
As at 1 January	-52,633	-43,053	-43,435	0	-139,121	-135,022
Depreciation for the year	-2,406	-1,028	**-1,307**	0	**-4,741**	-5,825
Transfers	0	-13	13	0	0	0
Disposals	1,984	0	0	0	1,984	1,726
As at 31 December	**-53,055**	**-44,094**	**-44,729**	**0**	**-141,878**	**-139,121**
Book value						
As at 1 January	20,324	5,365	2,657	426	28,773	32,365
Investments	360	63	804	552	1,779	2,496
Transfers	23	190	213	-426	0	0
Disposals	0	0	0	0	0	-267
Depreciation for the year	-2,406	-1,028	-1,307	0	-4,741	-5,825
As at 31 December	**18,302**	**4,590**	**2,367**	**552**	**25,811**	**28,773**

As at 31 December 2013, the item land and buildings included a carrying value of 10,068 for decommissioning (31 December 2013: 10,731).
An amount of 9 (2013: 36) out of the total depreciation charges has been charged to the provision for restructuring.

30. Financial fixed assets

Participation in group companies

Movements in this item were as follows:

	2014	2013
Balance as at 1 January	7,674	6,925
• Result of group companies	-8.897	-7.130
• Transfer to other receivables	9,870	8,079
• Dividends received/distributed	0	-200
Balance as at 31 December	**8,647**	**7,674**

Other receivables

The other receivables include a receivable from v.o.f. Nucleair Research Consulting Group (NRG) of 4,838. This receivable relates to the 15,000 loan granted to NRG, the overdraft facility, and NRG's negative participation value (12,364), which was deducted from this. The interest rate on the loan is 5.5% per annum. NRG has the same obligations in respect of this loan as ECN has in respect of the State on account of the loan agreement with the State.

Current asset

31. Work in progress

	2014	2013
• Work in progress	22,747	21,023
• Provision for work in progress	-462	-839
• Provision on EU projects*	-3.302	-5.695
Balance as at 31 December	**18,983**	**14,489**

* The abovementioned provision is included in the balance sheet under the other provisions.

32. Receivables from group companies

	2014	2013
• ECN Wind Energy Facilities B.V. (WEF)	219	213
• Sunlab B.V.	26	59
Balance as at 31 December	**245**	**272**

33. Receivables from other participations

The table below specifies the receivables from other knowledge-based participations and other companies.

	2014	2013
• SulphCatch B.V.	129	129
• ToN2 B.V.	1	26
• Bad debt provision	-129	-155
Balance as at 31 December	**1**	**0**

Movements in the aggregate bad debt provision were as follows.

	2014	2013
Balance as at 1 January	638	401
• Addition	613	275
• Withdrawal	-2	-7
• Release	-27	-31
Balance as at 31 December*	**1,222**	**638**

* As at the balance sheet date, trade debtors include a bad debt provision of 129 and nil relating to the participations SulphCatch and ToN2. (2013: 129 and 26, respectively)

34. Cash and cash equivalents

	2014	2013
Deutsche bank	75	9,673
ING	104,459	86,463
Balance as at 31 December	**104,534**	**96,136**
Not freely disposable		
• ING Escrow account	38,043	46,634
• ING 6th and 7th framework accounts	573	5,374
• Blocked for restructuring	1,597	1,710
• RWE measurement mast	759	913
• ADEM project	7,817	6,788
• Solliance project	1,660	4,143
Total	**50,449**	**65,562**

Equity

35. Equity

Movements in equity were as follows:

	Foundation capital	Statutory reserves	Other reserves	Retained earnings	Total equity
Opening balance as at 1 January 2013	45	53	22,497	344	22,939
Allocation of the 2013 result	0	0	344	-344	0
Movement in statutory reserve participations	0	0	0	-4.726	-4.726
Other profit after taxes 2013	0	-5	5	0	0
Closing balance as at 31 December 2013	**45**	**48**	**22,847**	**-4.726**	**18,214**
Allocation result 2013	0	0	-4.726	4,726	0
Movement statutory reserve participations	0	-5	5	0	0
Profit after taxes 2014	0	0	0	-16.678	-16.678
Closing balance as at 31 December 2014	**45**	**43**	**18,126**	**-16.678**	**1,536**

The initial capital amounts to 45 in accordance with the articles of association of the foundation. Statutory reserves consist of not distributable results participations development costs of participation SunLab B.V., activated on account of
The difference between the equity according to the company balance sheet of 1,536 and the equity according to the consolidated balance sheet is 1,394 is 142 and relates for 40 to the minority interest in the group equity such as explained in note 8. The difference between the result according to the company statement of income and the consolidated statement of income is 182 and results from the 1% interest in NRG v.o.f. held by Stichting ECN Nucleair as from 1 January 2013.

Provisions

36. Provision for radioactive waste

This provision has been formed for the costs of future treatment and storage of radioactive waste.

		2014		2013
Balance as at 1 January		90,647		92,797
• Withdrawal	-14.672		-8.042	
• Addition	16,106		4,790	
• Inflation adjustment	453		1,102	
		1,887		-2.150
Balance as at 31 December		**92,534**		**90,647**

The provision is recorded at the estimated costs, with an annual inflation adjustment. The inflation adjustment was 0.6% in 2014 (2013: 1.3%).

37. Provision redundancy costs

This provision has been formed to cover costs as a result of staff being made redundant on the back of restructurings.

Movements in the provision were as follows

		2014		2013
Balance as at 1 January		1,710		2,875
• Withdrawal	-318		-1.165	
• Addition	205		0	
		-113		-1.165
Balance as at 31 December		**1,597**		**1,710**

38. Provision pension indexation

		2014		2013
Balance as at 1 January		3,062		4,484
• Reclassification	-1.647		-1.647	
• Addition of interest	153		225	
		-1.494		-1.422
Balance as at 31 December		**1,568**		**3,062**

39. Provision for compensation upon commencement of retirement

		2014		2013
Balance as at 1 January		845		1,060
• Withdrawal	-155		-268	
• Addition of interest	42		53	
		-113		-215
Balance as at 31 December		**732**		**845**

40. Provision for long-service awards

This provision has been formed for payment of future long-service awards to staff.

		2014		2013
Balance as at 1 January		596		620
• Withdrawal	-12		-55	
• Addition of interest	30		31	
		18		-24
Balance as at 31 December		**614**		**596**

41. Provision for work in progress

		2014		2013
Balance as at 1 January		839		-55
• Withdrawal	0		-30	
• Release	-421		0	
• Addition	44		924	
		-377		894
Balance as at 31 December		**462**		**839**

42. Other provisions

		2014		2013
Balance as at 1 January		5,779		6,453
• Withdrawal	-643		0	
• Release	-1.750		-940	
• Addition	-10		266	
		-2.403		-674
Balance as at 31 December		**3,376**		**5,779**

The provision consists of:

	2014	2013
Tariff variances EU projects	3,302	5,695
Provision participation Solar Academy B.V.	6	6
Dismantling SOFC assets	45	45
Provision for participation Sulphcatch B.V.	23	23
Provision for participation ToN2 B.V.	0	10
Total	**3,376**	**5,779**

Long-term liabilities

43. Long-term liabilities

		2014		2013
Balance as at 1 January		5,816		10,500
• Recognition	25,000		0	
• Addition of interest	302		106	
• Release	-5.862		-4.790	
		19,440		-4.684
Balance as at 31 December		**25,256**		**5,816**

Current liabilities

44. Current liabilities

	2014	2013
1. Prepayments from third parties		
• EZS funds received in advance	7,730	8,458
• Payable to co-contractors ADEM project	7,816	6,788
• Payable to project co-contractors	4,448	10,730
• Other	3,520	5,037
2. Debt to group company NRG	0	0
3. Suppliers and trade credits		
• Accounts payable	14,141	4,252
• Invoices yet to be received	1,568	1,327
4. Taxes and social security contributions		
• Wage tax	2,039	1,842
5. Liabilities relating to other staff costs		
• Other staff costs	334	424
• Reservation for holiday allowance and leave balances	3,334	3,452
6. Pension liabilities	2,191	2,596
7. Other liabilities and accrued expenses		
• Funds 6th and 7th framework accounts received in advance	573	5,374
• Other liabilities	1,002	693
Balance as at 31 December	**48,696**	**50,973**

Off-balance sheet commitments

For a specification of off-balance sheet commitments, reference is made to this item in the notes to the consolidated financial statements.

Notes to the company income statement ECN

Operating income

45. Funding by the State of the Netherlands

	2014	2013
• Basic, Engine and Knowledge funding	4,667	5,012
• Program and Cooperation funding	18,845	20,571
Total	**23,512**	**25,583**

46. Assignments and other funds

Specification of third-party assignments, including increase/decrease in work in progress, by client.

	2014	2013
• Domestic trade and industry sector	15,859	15,221
• Domestic energy sector	319	6
• European Commission	10,199	7,004
• Foreign trade and industry sector	4,512	9,678
• Government agencies	8,044	10,309
• Technological institutes	2,922	3,554
• NL Agency	8,835	7,265
Total	**50,690**	**53,037**

47. Other operating income

	2014	2013
• Royalties	277	814
• Rental income from lease contract with Covidien	147	147
• Other	1,538	1,129
Total	**1,962**	**2,090**

The other income comprises amounts charged on to third parties, established at ‘Onderzoekslocatie Petten’ (OLP), relating to facilities.

Operating expenses

48. Wages and salaries, social security and pension charges

		2014		2013
• Permanent and temporary employment (including doctoral students)	25,479		24,672	
• Other staff costs	7,025		7,315	
		32,504		31,987
• Social security charges		4,024		3,799
• Pension charges		4,545		5,113
		41,073		**40,899**

Average staffing (FTEs)	2014	2013
Permanent employment	401	397
Temporary employment (including doctoral students)	49	52
Total average for the year	**450**	**449**

49. Depreciation of tangible fixed assets

	2014	2013
• Land and buildings	2,406	2,715
• Industrial fixtures and fittings	1,028	1,137
• Instruments and machines	1,304	1,973
Total	**4,738**	**5,825**

50. Other operating expenses

	2014	2013
• Project costs	12,069	12,413
• Indirect costing	9,229	7,379
• Staffing agency and seconded staff	2,468	2,894
• Movement in bad debt provision	586	241
• Movement in provision for EU projects	-1.750	0
• Movement in provision for radioactive waste	10,244	0
• Addition inflation adjustment provision for radioactive waste	302	770
Total	**33,148**	**23,697**

The project costs include the several costs for equipment and services related to projects. Particularly the costs for equipment can strongly fluctuate every year, depending on the types of projects realised in the related year.
The line item cost centre costs includes various costs for equipment and services not directly linked to the projects realised.
The movement in the provision for the removal of radioactive waste regards the addition to the provision for radioactive waste.

51. Outsourcing to group companies

	2014	2013
• V.O.F. Nucleair Research consultancy Group (NRG)	4,857	7,920
• ECN Wind Energy Facilities B.V. (WEF)	0	164
Total	**4,857**	**8,084**

52. Financial income and expenses

	2014	2013
Interest income and related income	898	1,046
Interest payable and related costs	-541	-484
Total	**357**	**562**

Interest income and related income

	2014	2013
Interest income from current account	538	842
Revaluation of securities	14	85
Currency exchange profits	8	0
Other interest income	338	119
Total	**898**	**1,046**

Interest payable and related costs

	2014	2013
Interest payable on current account bank/giro	3	35
Addition of interest to provision for severance pay	42	53
Addition of interest to provision for long-service awards	30	31
Addition for transitional pension law	153	225
Impairment of securities	0	23
Other interest payable	313	117
Total	**541**	**484**

53. Share in result of participations

	2014	2013
V.o.f. Nucleair Research Consultancy Group (NRG)	-9.870	-8.079
ECN Nucleair B.V.	0	0
ECN Wind Energy Facilities (WEF)	860	1,115
SunLab B.V.	113	-166
BO2 Energy Concepts B.V.	0	-1
Solar Academy B.V.	0	0
Solsilc Development Company	0	0
Sundey B.V.	0	0
Sulphcatch B.V.	0	0
ToN2 B.V.	12	-14
FEST GmbH	-1	-5
ECN New Energy Technologies Co China	-246	-77
Admatec B.V.	9	0
Total	**-9.123**	**-7.227**

Remuneration of managing directors and Supervisory Board members

	2014	2013
Remuneration of Managing Directors, including pension charges	780	744
Remuneration of Supervisory Board Members	62	39

WNT: Law on the normalisation of salaries for top officials in the public and semi-public sector

Amounts in Euro's

Position	Name of chairperson-applicable clause	Name	Commencement date of service	End date of service	Remuneration (fixed)	Other (2)	Total	Within WNT Norm
Member of Supervisory Board (chair)	Y	Mr. drs. P. de Krom	01-07-2013	01-03-2015	15.000	0	15.000	Y
Member of Supervisory Board	N	Mrs. prof. dr. ir. drs. H. Bijl	01-04-2010		10.000	0	10.000	Y
Member of Supervisory Board	N	Mr. dr. ir. C.P. Jongenburger	01-02-2008		10.000	0	10.000	Y
Member of Supervisory Board	N	Mrs. Mr. L. L. Pool	15-11-2013		10.000	0	10.000	Y
Member of Supervisory Board	N	Mr. ir. B.C. Fortyun	01-01-2014		10.000	0	10.000	Y
Member of Supervisory Board	N	Mr. prof. dr. ir. T.H.J.J. van der Hagen	01-04-2014		6.667	0	6.667	Y
CEO	Y	Mr. ir. P.A.O.G. Korting	01-12-2010		241.362	96.853	338.215	N(1)
COO	N	Mr. R.A. Kleiburg	01-01-2012		166.092	62.317	228.409	Y
CFO	N	Mr. P.J. Sayers	01-04-2009		158.198	55.475	213.673	Y

1 WNT transition scheme
The WNT transition scheme adjusts in art 7.3 the remuneration of the officials that exceeds the law's norm and whereby employment began before the law took effect. These officials retain their agreed remuneration for a maximum of four years, after which the remuneration must be reduced according to the stipulations of the law to the maximum that applies to the respective legal person or institution within a period of three years. If an appointment or remuneration agreement is amended within the transition period of four years, the right to the transition scheme become null and void.

2 Specification of the components of the other remuneration:
Mr. Korting 96,853: Remuneration one-off 38,948, Taxable fixed and variable expense allowances fiscal surcharge car -/- own contribution 11,124.
Provisions for remuneration payable later, employer contribution to pension premium 46,781.
Mr. Kleiburg 62,317: Remuneration one-off 22,854, Taxable fixed and variable expense allowances fiscal surcharge car -/- own contribution 9,409.
Provisions for remuneration payable later, employer contribution to pension premium 30,054.
Mr. Sayers 55,475: Remuneration one-off 22,009, Taxable fixed and variable expense allowances fiscal surcharge car -/- own contribution 8,421.
Provisions for remuneration payable later, employer contribution to pension premium 25,045.

Signing of the financial statements 2014

Petten, 28 April 2015

Supervisory Board

Prof. dr. ir. drs. H. Bijl
(Acting Chair Supervisory Board)

Dr. ir. C.P. Jongenburger

Ir. B.C. Fortuyn

Mr. L.L. Pool

Prof. dr. ir. T.H.J.J. van der Hagen

Stichting Energieonderzoek Centrum Nederland

Ir. P.A.O.G. Korting
(Chair Executive Board ECN)

Other information

Independent auditor’s report

Reference is made to the auditor’s report as included hereinafter.

Articles of Association provision regarding allocation of the result

As generating a profit is not the primary aim of Stichting Energieonderzoek Centrum Nederland, no provisions on profit appropriation have been included in the Articles of Association. The result realised in any financial year is therefore added to or withdrawn from the other reserves of ECN.

Allocation of the result for the financial year 2013

The result for the financial year 2013 was -/- 4,726. The Supervisory Board and the Executive Board have decided to fully add the result for the financial year 2013 to the other reserves.

Allocation of the result for the financial year 2014

Subject to approval by the 2014 Supervisory Board, the Executive Board proposes to add the result for the year of - /-16,678 to the other reserves. This proposal has not yet been incorporated in the financial statements.

Independent auditor’s report

To: the Supervisory Board of Stichting Energieonzoek Centrum Nederland te Petten

Report on the financial statements
We have audited the accompanying financial statements 2014 of Stichting Energieonderzoek Centrum Nederland, Petten, which comprise the con¬solidated and company balance sheet as per December 31, 2014, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explana¬tory information.

Management’s responsibility
Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the Director’s report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the 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 presenta¬tion 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 with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Stichting Energieonderzoek Centrum Nederland as per December 31, 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of an uncertainty in the financial statements
We draw attention to note 9 to the financial statements, which describes the major uncertainty related to the radioactive waste disposal. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Utrecht, 28 april 2015

Deloitte Accountants B.V.

Signed on the original: drs. M. Wabeke RA

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