



## **SN Nuclearelectrica SA**

### **Individual Interim Condensed Unaudited Financial Statements as at and for the period of six months ended 30 June 2014**

Prepared in accordance with  
Ministry of Finance Order no. 1286/2012 for  
the approval of accounting regulations conforming to  
International Financial Reporting Standards,  
applicable to companies whose shares are traded on a regulated market and related amendments  
based on  
International Accounting Standard 34 – *“Interim Financial Reporting”*  
adopted by European Union

**SN Nuclearelectrica SA**

Condensed Individual Financial Position as at ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

	<u>Note</u>	<b>30 June 2014</b> <b>(unaudited)</b>	<b>31 December 2013</b> <b>(audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<u>4</u>	7.905.390.501	8.057.978.024
Intangible assets	<u>5</u>	94.803.759	97.856.793
Financial investments	<u>6</u>	141.686.201	123.718.616
<b>Total non-current assets</b>		<b>8.141.880.461</b>	<b>8.279.553.433</b>
<b>Current assets</b>			
Inventories	<u>7</u>	385.178.262	386.303.320
Trade and other receivables	<u>8</u>	164.771.436	197.044.598
Income tax receivable	<u>13</u>	11.016.999	-
Prepayments		20.164.041	10.865.840
Bank deposits		31.442.715	704.525.705
Cash and cash equivalents	<u>9</u>	1.072.342.267	739.280.253
<b>Subtotal, current assets</b>		<b>1.684.915.720</b>	<b>2.038.019.716</b>
Assets to be transferred	<u>4</u>	1.382.640.479	1.382.640.479
<b>Total current assets</b>		<b>3.067.556.199</b>	<b>3.420.660.195</b>
<b>Total assets</b>		<b>11.209.436.660</b>	<b>11.700.213.628</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital, out of which:	<u>10</u>	3.013.330.303	3.013.330.303
<i>Subscribed and paid in share capital</i>		<i>2.817.827.560</i>	<i>2.817.827.560</i>
<i>Inflation adjustment to share capital</i>		<i>195.502.743</i>	<i>195.502.743</i>
Share premium	<u>10</u>	31.474.149	31.474.149
Prepaid share reserve	<u>10</u>	217.855.742	215.930.237
Revaluation reserve	<u>10</u>	325.132.486	337.713.566
Retained earnings	<u>10</u>	3.832.038.007	4.099.989.096
<b>Total shareholder's equity</b>		<b>7.419.830.687</b>	<b>7.698.437.351</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term borrowings	<u>11</u>	1.543.252.542	1.675.427.622
Deferred income		179.308.270	186.480.601
Deferred tax liability		201.531.421	208.285.414
Employee benefits		26.207.527	26.207.527
<b>Total non-current liabilities</b>		<b>1.950.299.760</b>	<b>2.096.401.164</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	<u>12</u>	223.542.766	242.958.936
Current tax liability		-	34.982.603
Deferred income		29.840.654	32.007.582
Current portion of long term borrowings	<u>11</u>	203.282.314	212.785.513
<b>Subtotal current liabilities</b>		<b>456.665.734</b>	<b>522.734.634</b>
Liability related to assets to be transferred	<u>4</u>	1.382.640.479	1.382.640.479
<b>Total current liabilities</b>		<b>1.839.306.213</b>	<b>1.905.375.113</b>
<b>Total liabilities</b>		<b>3.789.605.973</b>	<b>4.001.776.277</b>
<b>Total equity and liabilities</b>		<b>11.209.436.660</b>	<b>11.700.213.628</b>

*The accompanying notes 1-21 are an integral part of these financial statements*

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**SN Nuclearelectrica SA**

Condensed Individual Income Statement for the six month period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

	<b>Note</b>	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
<b>Revenues</b>					
Sales of electricity	<b>14</b>	349.788.881	392.340.769	783.093.781	879.038.813
Electricity transmission revenues		23.326.412	23.471.748	51.554.378	50.377.375
<b>Total revenues</b>		<b>373.115.293</b>	<b>415.812.517</b>	<b>834.648.159</b>	<b>929.416.188</b>
Other income		(1.101.289)	24.013.470	19.291.928	54.375.194
<b>Operation expenses</b>					
Depreciation and amortisation		(112.157.355)	(108.600.877)	(222.458.983)	(207.084.607)
Personnel expenses		(72.709.843)	(72.506.923)	(141.224.149)	(141.550.743)
Cost of traded electricity		(7.340.696)	(7.444.904)	(10.920.688)	(21.592.067)
Repairs and maintenance		(62.439.570)	(50.712.023)	(75.594.275)	(72.088.523)
Electricity transmission expenses		(23.326.412)	(23.471.748)	(51.554.378)	(50.377.375)
Costs with spare parts		(15.940.758)	(13.734.691)	(21.375.664)	(16.910.661)
Cost of uranium fuel		(32.337.286)	(19.517.026)	(68.371.375)	(52.585.493)
Other operating expenses	<b>15</b>	(107.578.707)	(94.241.419)	(235.197.290)	(193.545.272)
<b>Total operating expenses</b>		<b>(433.830.627)</b>	<b>(390.229.611)</b>	<b>(826.696.802)</b>	<b>(755.734.741)</b>
<b>Operating result</b>		<b>(61.816.623)</b>	<b>49.596.376</b>	<b>27.243.285</b>	<b>228.056.641</b>
Finance costs		(23.365.937)	(50.142.248)	(36.091.836)	(116.939.529)
Finance income		29.259.475	67.281.608	78.804.667	132.240.983
<b>Net finance income</b>	<b>16</b>	<b>5.893.538</b>	<b>17.139.360</b>	<b>42.712.831</b>	<b>15.301.454</b>
<b>Profit before income tax</b>		<b>(55.923.085)</b>	<b>66.735.736</b>	<b>69.956.116</b>	<b>243.358.095</b>
Income tax expense	<b>13</b>	14.533.146	(15.951.880)	(9.531.150)	(47.236.263)
<b>Net profit for the period</b>		<b>(41.389.939)</b>	<b>50.783.856</b>	<b>60.424.966</b>	<b>196.121.832</b>

The condensed individual interim financial statements presented at pages 1-25 were authorised for issue by the management on 11 August 2014 and were signed on its behalf by:

Daniela Lulache  
CEO

Mihai Darie  
CFO

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**SN Nuclearelectrica SA**

Condensed Individual Statement of Comprehensive Income for the six month period ended 30 June 2014 *(All amounts are in RON, unless stated otherwise)*

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	<b>Note</b>	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
<b>Profit for the period</b>		<b>(41.389.939)</b>	<b>50.783.856</b>	<b>60.424.966</b>	<b>196.121.832</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>(41.389.939)</b>	<b>50.783.856</b>	<b>60.424.966</b>	<b>196.121.832</b>
<b>Earnings per share</b>					
Basic earnings per share (lei/share)	<b>18</b>	<b>(0,15)</b>	<b>0,20</b>	<b>0,21</b>	<b>0,77</b>
Diluted earnings per share (lei/share)	<b>18</b>	<b>(0,14)</b>	<b>0,19</b>	<b>0,20</b>	<b>0,72</b>

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**SN Nuclearelectrica SA**

Condensed Individual Statement of Changes in Equity for the six month period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

	<b>Note</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Prepaid share reserve</b>	<b>Revaluation reserve</b>	<b>Retained Earnings</b>	<b>Total equity</b>
<b>Balance as at 1 January 2013 (audited)</b>		<b>2.732.326.353</b>	-	<b>1.617.236.040</b>	<b>11.220.584</b>	<b>3.686.241.529</b>	<b>8.047.024.506</b>
<b>Comprehensive income for the period</b>							
<i>Profit for the period</i>		-	-	-	-	196.121.832	196.121.832
<i>Other comprehensive income</i>		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>196.121.832</b>	<b>196.121.832</b>
Transfer of prepaid share reserve		-	-	(18.665.324)	-	18.665.324	-
Transfer of prepaid share reserve	<b>4</b>	-	-	(1.382.640.479)	-	-	(1.382.640.479)
Dividends declared	<b>10</b>	-	-	-	-	(28.490.598)	(28.490.598)
<b>Balance as at 30 June 2013 (unaudited)</b>		<b>2.732.326.353</b>	-	<b>215.930.237</b>	<b>11.220.584</b>	<b>3.872.538.087</b>	<b>6.832.015.261</b>

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**SN Nuclearelectrica SA**

Condensed Individual Statement of Changes in Equity for the six month period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

	<b>Note</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Prepaid share reserve</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance as at 1 January 2014 (audited)</b>		<b>3.013.330.303</b>	<b>31.474.149</b>	<b>215.930.237</b>	<b>337.713.566</b>	<b>4.099.989.096</b>	<b>7.698.437.351</b>
<b>Comprehensive income for the period</b>							
<i>Profit for the period</i>		-	-	-	-	60.424.966	<b>60.424.966</b>
<i>Other comprehensive income</i>		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	-	-	<b>60.424.966</b>	<b>60.424.966</b>
Land for which title deeds were obtained	<b><u>10</u></b>	-	-	1.925.505	-	-	<b>1.925.505</b>
Transfer of revaluation reserve	<b><u>10</u></b>	-	-	-	(12.581.080)	12.581.080	-
Dividends declared	<b><u>10</u></b>	-	-	-	-	(340.957.135)	<b>(340.957.135)</b>
<b>Balance as at 30 June 2014 (unaudited)</b>		<b>3.013.330.303</b>	<b>31.474.149</b>	<b>217.855.742</b>	<b>325.132.486</b>	<b>3.832.038.007</b>	<b>7.419.830.687</b>

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**SN Nuclearelectrica SA**

Condensed Individual Statement of Cash Flows for the six month period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

	<b>6 months period ended 30 June 2014</b>	<b>6 months period ended 30 June 2013</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>69.956.116</b>	<b>243.358.095</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	222.458.983	207.084.607
Impairment loss on trade and other receivables	560.999	7.811.381
Provisions	846.299	94.155
Gain from non current assets sold	(109.896)	(158.608)
Net finance income	(42.440.309)	(15.854.612)
<b>Changes in:</b>		
Decrease/(Increase) in trade and other receivables	26.244.806	(16.325.299)
Decrease in inventories	1.140.479	3.562.494
Decrease in deferred income	(9.339.259)	(1.537.952)
Increase in prepayments	(9.298.201)	(6.841.258)
Decrease in accounts payable and other liabilities	(12.029.708)	(32.454.672)
<b>Cash generated from operating activities</b>	<b>247.990.309</b>	<b>388.738.331</b>
Income tax paid	(62.300.167)	(67.047.028)
Interest received	23.272.206	23.228.278
Interest paid	(8.586.219)	(13.000.870)
<b>Net cash from operating activities</b>	<b>200.376.129</b>	<b>331.918.711</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(5.703.263)	(13.102.944)
Purchase of property, plant and equipment	(94.733.519)	(125.639.455)
Proceeds from the sale of property, plant and equipment	213.293	1.328.472
Decrease in bank deposits	673.082.990	214.680.508
Investment in EnergoNuclear	(17.947.586)	-
<b>Net cash from investing activities</b>	<b>554.911.915</b>	<b>77.266.581</b>
<b>Cash flow used in financing activities</b>		
Repayments of borrowings	(107.991.088)	(110.783.325)
Dividends paid	(314.234.942)	(28.490.598)
<b>Net cash flow used in financing activities</b>	<b>(422.226.030)</b>	<b>(139.273.923)</b>
<b>Net increase in cash and cash equivalents</b>	<b>333.062.014</b>	<b>269.911.369</b>
<b>Cash and cash equivalents as at 1 January (see Note 9)</b>	<b>739.280.253</b>	<b>694.876.667</b>
<b>Cash and cash equivalents as at 30 June (see Note 9)</b>	<b>1.072.342.267</b>	<b>964.788.036</b>

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## **SN Nuclearelectrica SA**

Notes to the Condensed Individual Financial Statements for the six months period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

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### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica SA (“the Company”) is a company established in Romania. The Company’s head office is located in Bucharest, 65 Polona Street. The main operating location is in Cernavoda in the eastern part of Romania, where the Company has two operating nuclear reactors (Nuclear Power Plant Units 1 and 2) and the main activity of the Company is to generate electricity by the operation of Units 1 and 2. The construction of Units 3 and 4 is planned to be finalized by EnergoNuclear. The Company’s reactors are based on CANDU technology (Canada Deuterium Uranium reactor of PHWR type).

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

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

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Romanian Energy Regulatory Authority (“ANRE”), an autonomous public institution. In accordance with Order no. 83/2013 and related amendments, ANRE establishes the tariffs to be used by the Company for selling electricity on regulated market. During the six month period ended 30 June 2014, the Company sold approximately 35% of the electricity on the regulated market (48% was sold on the regulated market during the six month period ended 30 June 2013). The total quantity of electricity sold (both on the competitive as well as on the regulated market) during the six month period ended 30 June 2014 is of MWh 5.181.064 as compared to MWh 5.275.859 during the six month period ended 30 June 2013. The average price for electricity sales on the regulated market during the six month period ended 30 June 2014 is of 145,8 RON/MWh as compared with 142 RON/MWh during the six month period ended 30 June 2013, net of the tariff for transmission service paid to Transelectrica for using the electricity transmission network.

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

As described in Note 10, as at 30 June 2014 the shareholders of the Company are: the Romanian State through the Ministry of Economy– Energy Department which holds 229.006.139 shares, representing 81,2705% of the share capital, Fondul Proprietatea which holds 27.408.381 shares, representing 9.7270% of the share capital and other shareholders which hold together 25.368.236 shares, representing 9,0025% of the share capital.

### **2. BASIS OF PREPARATION**

#### **a) Statement of compliance**

The condensed individual interim financial statements were prepared in accordance with OMFP 1286/2012 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards (IFRS), applicable to companies whose securities are traded on a regulated market and related amendments (“OMFP 1286/2012”). As per the OMFP 1286/2012, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and Council dated on July 19<sup>th</sup> 2002 regarding the application of the international accounting standards.

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These individual interim financial statements are prepared in accordance with IAS 34 “Interim financial reporting”, as adopted by the European Union. They do not include all the information required for a complete set of IFRS financial statements and must be read together with the annual financial statements of the Company, prepared as at 31 December 2013. However, selected explanatory notes are included in order to explain the events and the transactions which are significant for understanding the changes occurred in the financial position and the performance of the company since the previous annual individual financial statements as at and for the financial year ended 31 December 2013.

The condensed interim individual financial statements as at and for the period ended 30 June 2014 are not audited and were not reviewed by an independent auditor.

These individual financial statements were authorized for issue by the management of the Company on 11 August 2014.

**b) Use of estimates and judgements**

The preparation of the individual financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years are included in Note 7 i) (key assumptions relating to the continuance of the project developed by EnergoNuclear).

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the individual financial statements as at and for the year ended 31 December 2013.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed individual interim financial statements are the same as those applied in the Individual financial statements as at and for the year ended 31 December 2013.

*New IFRS pronouncements effective for annual periods beginning 1 January 2014*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2014 and have not been applied in preparing these condensed individual interim financial statements. None of these new standards are expected to have a material impact on the condensed individual interim financial statements.

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**SN Nuclearelectrica SA**

Notes to the Condensed Individual Financial Statements for the six months period ended 30 June 2014

(All amounts are in RON, unless stated otherwise)

**4. PROPERTY, PLANT AND EQUIPMENT**

	Land	Nuclear power plants	Machinery, equipment and other assets	Assets under construction	TOTAL
<b>Cost</b>					
<b>Balance as at 1 January 2013 (audited)</b>	<b>26.841.645</b>	<b>6.029.319.342</b>	<b>1.099.574.311</b>	<b>2.598.170.731</b>	<b>9.753.906.029</b>
Additions	105.649	-	8.369.632	162.052.882	<b>170.528.163</b>
Transfers	-	57.424.016	164.616.308	(222.040.324)	-
Disposals	(148.906)	-	(15.729.420)	-	<b>(15.878.326)</b>
Transfer of spare parts	-	-	-	15.221.418	<b>15.221.418</b>
Revaluation of buildings	-	385.300.708	3.855.029	-	<b>389.155.737</b>
Heavy water which will be transferred to the state reserve	-	-	-	(1.382.640.479)	<b>(1.382.640.479)</b>
Offset of accumulated depreciation on revaluation	-	(594.548.888)	(6.893.485)	-	<b>(601.442.373)</b>
<b>Balance as at 31 December 2013 (audited)</b>	<b>26.798.388</b>	<b>5.877.495.178</b>	<b>1.253.792.375</b>	<b>1.170.764.228</b>	<b>8.328.850.169</b>
<b>Balance as at 1 January 2014 (audited)</b>	<b>26.798.388</b>	<b>5.877.495.178</b>	<b>1.253.792.375</b>	<b>1.170.764.228</b>	<b>8.328.850.169</b>
Additions	1.925.505	-	3.359.921	55.946.935	<b>61.232.361</b>
Transfers	-	183.920.715	5.615.472	(189.536.187)	-
Disposals	(27.041)	-	(2.307.513)	-	<b>(2.334.554)</b>
<b>Balance as at 30 June 2014 (unaudited)</b>	<b>28.696.852</b>	<b>6.061.415.893</b>	<b>1.260.460.255</b>	<b>1.037.174.976</b>	<b>8.387.747.976</b>
<b>Depreciation and impairment losses</b>					
<b>Balance as at 1 January 2013 (audited)</b>	<b>77.758</b>	<b>296.688.723</b>	<b>28.290.942</b>	<b>138.672.256</b>	<b>463.729.679</b>
Depreciation charge	77.757	297.860.165	89.487.082	-	<b>387.425.004</b>
Accumulated depreciation of disposals	-	-	(5.893.112)	-	<b>(5.893.112)</b>
Impairment of assets in course of construction	-	-	1.201.101	25.851.846	<b>27.052.947</b>
Offset of accumulated depreciation on revaluation	-	(594.548.888)	(6.893.485)	-	<b>(601.442.373)</b>
<b>Balance as at 31 December 2013 (audited)</b>	<b>155.515</b>	<b>-</b>	<b>106.192.528</b>	<b>164.524.102</b>	<b>270.872.145</b>
<b>Balance as at 1 January 2014 (audited)</b>	<b>155.515</b>	<b>-</b>	<b>106.192.528</b>	<b>164.524.102</b>	<b>270.872.145</b>
Depreciation charge	38.878	165.405.116	48.258.692	-	<b>213.702.686</b>
Accumulated depreciation of disposals	-	-	(2.217.356)	-	<b>(2.217.356)</b>
<b>Balance as at 30 June 2014 (unaudited)</b>	<b>194.393</b>	<b>165.405.116</b>	<b>152.233.864</b>	<b>164.524.102</b>	<b>482.357.475</b>
<b>Carrying amounts</b>					
<b>At 1 January 2013 (audited)</b>	<b>26.763.887</b>	<b>5.732.630.619</b>	<b>1.071.283.369</b>	<b>2.459.498.475</b>	<b>9.290.176.350</b>
<b>At 31 December 2013 (audited)</b>	<b>26.642.873</b>	<b>5.877.495.178</b>	<b>1.147.599.847</b>	<b>1.006.240.126</b>	<b>8.057.978.024</b>
<b>At 30 June 2014 (unaudited)</b>	<b>28.502.459</b>	<b>5.896.010.777</b>	<b>1.108.226.390</b>	<b>872.650.874</b>	<b>7.905.390.501</b>

The above translation of the financial statements of SN Nuclearelectrica SA is provided as a free translation from Romanian which is the official and binding version

## SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the six months period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

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Machinery, equipment and other assets includes the first load of heavy water used for units 1 and 2, with a net book value as at 30 June 2014 of RON 434.270.513 (31 December 2013: RON 444.297.817) and buildings with a net book value as at 30 June 2014 of RON 333.667.787 (31 December 2013: RON 340.006.161)

As at 30 June 2014, the carrying amount of Units 3 and 4, recognised in assets under construction, is in amount of RON 273.960.000 (31 December 2013: RON 273.960.000). Prior to 1991, the units 1, 2, 3, 4 and 5 were considered as a single project and therefore construction costs incurred were not allocated to every unit. Subsequently, the Company made the allocation of the construction costs to Nuclear Power Plant Units 3 and 4.

The carrying amount of heavy water related to units 3 and 4 is RON 158.470.146 (RON 158.470.146 at 31 December 2013). These items are presented under the caption "Assets in course of construction". The total quantity of heavy water to be needed for Units 3 and 4 is 1.100 tones.

The transfer free of charge of the heavy water related to Units 3 and 4, which was financed through budgetary allocations, to the State Reserve will take place when the Company and National Administration of State Reserve will sign the transfer minute. Until the date of these condensed individual interim financial statements the transfer was not yet made. The heavy water of RON 1.382.640.479 that is going to be transferred to the State's reserve is part of the total heavy water related to units 3 and 4 of RON 1.541.110.626. In February 2014, the National Commission for Nuclear Activities Control (CNCAN) issued the authorization for the transfer of the heavy water to the National Administration of State Reserve (ANRSPS). As the support documentation for performing the transfer operations related to the factual separation of the heavy water were prepared and that the operations for the factual separation have started in May 2014 and are ongoing, the estimated completion time of the separation and transfer of heavy water is the end of the third quarter of 2014. Considering these facts, as at 30 June 2014 and 31 December 2013 the heavy water that is going to be transferred to the State's reserve was presented on the face of the individual statement of financial position as assets to be transferred within current assets, while the related cash budgetary allocations were classified as a liability related to assets to be transferred within current liabilities as at 30 June 2014 and 31 December 2013. At 30 June 2014 and 31 December 2013 the heavy water related to units 3 and 4, financed through own funds is in the amount of RON 158.470.146, representing about 75 tones.

The main capital expenditure made by the Company during the six month period ended 30 June 2014 referring to assets in course of construction related to Units 1 and 2 includes:

- Construction of loading storage facilities for the spent nuclear fuel in amount of RON 14.450.235 (31 December 2013: RON 46.671.608);
- Modernization and expansion of physical protection at CNE Cernavodain amount of RON 7.480.835 (31 December 2013: RON 21.161.133);
- Enhancement of the nuclear security functions in amount of RON 5.253.565 (31 December 2013: RON 82.889.239);
- D2O detritiation facility in amount of RON 4.835.371 (31 December 2013: RON 8.491.339).

The main investment put into function during the six month period ended 30 June 2014 refers to the enhancement of the nuclear security functions of Unit 1 and 2 and amounts RON 183.920.715.

As at 30 June 2014, the carrying amount of assets under construction which refers to units 3 and 4 is RON 524.604.986 (31 December 2013: RON 524.970.145). At 30 June 2014, remaining difference up to RON 872.650.874 (31 December 2013: RON 1.006.240.126) represents assets in progress related to units 1 and 2, such as construction of loading storage facilities for the spent nuclear fuel of RON 108,754,551 (RON 93.956.727: 31 December 2013), D2O detritiation facility of RON 48.445.254 (RON 43.609.883: 31 December 2013), modernization and expansion of Cernavoda NPP physical protection system worth RON 30.014.391 (RON 17.208.528: 31 December 2013), improving nuclear security systems worth RON 9.094.592 (RON 184.248.672: 31 December 2013) and advances to suppliers of property, plant and equipment in amount of RON 11.236.227 (RON 11.567.493: 31 December 2013).

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**SN Nuclearelectrica SA**

Notes to the Condensed Individual Financial Statements for the six months period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)*

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As at 30 June 2014, the Company acquired property, plant and equipment on suppliers' credit in amount of RON 18.571.745 (RON 66.309.815: 31 December 2013).

*Decommissioning of nuclear power plants*

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of these two units, due to the fact it is not responsible for the decommissioning. According to Government decision no. 1080/5 September 2007, the Nuclear Agency and Radioactive Waste (ANDR) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of useful lives of the units, and also for the permanent storage of the resulting waste (see Note 15). The Company's expense regarding the contributions to ANDR during the 6 month period ended 30 June 2014 is of RON 44.609.535 (12 month period ended 31 December 2013: RON 94.795.297).

*Assets pledged as security*

As at 30 June 2014 and 31 December 2013 the Company has no pledged or mortgaged assets.

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**SN Nuclearelectrica SA**

Notes to the Condensed Individual Financial Statements for the six months period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)***5. INTANGIBLE ASSETS**

	<b>Licences and acquired software</b>	<b>Power plant software</b>	<b>Intangible assets in progress</b>	<b>TOTAL</b>
<b>Cost</b>				
<b>Balance as at 1 January 2013 (audited)</b>	<b>46.235.482</b>	<b>83.396.194</b>	<b>52.902.484</b>	<b>182.534.160</b>
Additions	9.685.490	1.951.455	15.619.712	<b>27.256.657</b>
Transfers		434.504	(434.504)	-
Disposals	(55.096)	(15.821)	-	<b>(70.917)</b>
<b>Balance as at 31 December 2013 (audited)</b>	<b>55.865.876</b>	<b>85.766.332</b>	<b>68.087.692</b>	<b>209.719.900</b>
<b>Balance as at 1 January 2014 (audited)</b>	<b>55.865.876</b>	<b>85.766.332</b>	<b>68.087.692</b>	<b>209.719.900</b>
Additions	410.251	426.955	4.866.057	<b>5.703.263</b>
Disposals	-	-	-	-
<b>Balance as at 30 June 2014 (unaudited)</b>	<b>56.276.127</b>	<b>86.193.287</b>	<b>72.953.749</b>	<b>215.423.163</b>
<b>Accumulated amortisation</b>				
<b>Balance as at 1 January 2013 (audited)</b>	<b>42.303.215</b>	<b>51.107.396</b>	-	<b>93.410.611</b>
Amortisation for the period	6.081.947	12.441.285	-	<b>18.523.232</b>
Accumulated amortisation of disposals	(54.915)	(15.821)	-	<b>(70.736)</b>
<b>Balance as at 31 December 2013 (audited)</b>	<b>48.330.247</b>	<b>63.532.860</b>	-	<b>111.863.107</b>
<b>Balance as at 1 January 2014 (audited)</b>	<b>48.330.247</b>	<b>63.532.860</b>	-	<b>111.863.107</b>
Amortisation for the period	3.302.234	5.454.063	-	<b>8.756.297</b>
Accumulated amortisation of disposals	-	-	-	-
<b>Balance as at 30 June 2014 (unaudited)</b>	<b>51.632.481</b>	<b>68.986.923</b>	-	<b>120.619.404</b>
<b>Carrying amounts</b>				
<b>At 1 January 2013 (audited)</b>	<b>3.932.267</b>	<b>32.288.798</b>	<b>52.902.484</b>	<b>89.123.549</b>
<b>At 31 December 2013 (audited)</b>	<b>7.535.629</b>	<b>22.233.472</b>	<b>68.087.692</b>	<b>97.856.793</b>
<b>At 30 June 2014 (unaudited)</b>	<b>4.643.646</b>	<b>17.206.364</b>	<b>72.953.749</b>	<b>94.803.759</b>

Intangible assets in progress include software for integrated management in amount of RON 70.223.829 as at 30 June 2014 (31 December 2013: RON 65.357.772).

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**SN Nuclearelectrica SA**

Notes to the Condensed Individual Financial Statements for the six months period ended 30 June 2014

*(All amounts are in RON, unless stated otherwise)***6. FINANCIAL INVESTMENTS**

The financial investments are mainly represented by investment in EnergoNuclear S.A. ("EnergoNuclear") as mentioned below.

<b>Entity</b>	<b>Country of origin</b>	<b>30 June 2014 % of total shares</b>	<b>31 December 2013 % of total shares</b>
Energonuclear	Romania	100,00	84,65

  

<b>Entity</b>	<b>Country of origin</b>	<b>30 June 2014 value of shares</b>	<b>31 December 2013 value of shares</b>
Energonuclear	Romania	141.666.101	123.718.516

As at 30 June 2014, the Company owns 100% of the share capital of EnergoNuclear SA. As at 31 December 2013 other shareholders in EnergoNuclear SA were:

- Arcelor Mittal Galati S.A. – 6,20%;
- Enel Investment Holding BV – 9,15%;

In December 2013, the minority shareholders of EnergoNuclear - Enel Investment Holding B.V. and ArcelorMittal Galati S.A. holding together 15,35% of the share capital – decided to exercise their put option. Within 30 days from receipt of such notifications, Nuclearelectrica had the obligation to buy back the shares of the two minority shareholders at an amount equal with 80% of the nominal value of the shares as it was agreed through the Sixth Addendum to the Investment Agreement dated 30 August 2013. Nuclearelectrica bought these shares in January 2014 for a total amount of RON 17.947.586.

*i) Continuance of EnergoNuclear*

The Company included in the approved budget for 2014 an amount of RON 40.019.000 to be invested in EnergoNuclear, from which RON 17.947.586 were used in January 2014 to acquire the shares hold by the non-controlling interest, as mentioned in the preceding paragraph.

As at 30 June 2014, there are uncertainties regarding the ability of EnergoNuclear S.A. to continue as a going concern. On 25 November 2013, Nuclearelectrica signed a letter of intention with China General Nuclear Power Group (CGN), through which CGN has expressed its interest to become the majority shareholder of EnergoNuclear provided that it is satisfied with the investment conditions. The letter of intent was valid for 180 days. EnergoNuclear's future operations in conjunction with nuclear units 3 and 4 is dependent upon obtaining adequate sources of financing. The overall objective of Nuclearelectrica and of the Romanian Government is to attract a strategic investor to become the main shareholder in EnergoNuclear and that can provide funding and assist in the completion of the project developed by EnergoNuclear.

On 25 April 2014, the Company and CGN signed an addendum to the initial letter of intent which states that as the necessary operations are expected to last longer than it was initially estimated by parties, for reasons independent of the parties, the parties have agreed to extend the duration of the letter of intention until 31 December 2014.

The support of the Romanian Government for the project developed by EnergoNuclear is reinforced by the two memorandums approved on 20 November 2013, namely the Memorandum of Understanding between the Romanian

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## SN Nuclearelectrica SA

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Ministry of Economy (Department of Energy) and the National Energy Administration from the People's Republic of China regarding cooperation in the nuclear power projects, as well as the memorandum on the topic: Measures for the cooperation with the People's Republic of China regarding the peaceful use of nuclear energy especially for the realization of units 3 and 4 from CNE Cernavoda.

On 2 July 2014, the Romanian Government approved the Memorandum on "Approval of the strategy for further actions regarding Project Units 3 and 4". Also, on 31 July 2014, the Government approved the Memorandum on "Approval of the strategy on further development of Cernavoda Units 3 and 4 by organizing a selection procedure for investors".

Considering the above, the Company's management is confident that the project developed by EnergoNuclear will continue in the future, as EnergoNuclear will raise the necessary funding, the project will be successfully completed and there will be a future demand for the energy that is going to be produced by EnergoNuclear. Therefore, the management of the Company considers that EnergoNuclear will continue to operate as a going concern in the foreseeable future.

### ii) The Company's contribution in EnergoNuclear

According to the Governance Decision no. 1565/November 2008, the Company's contribution to EnergoNuclear will consist of the followings: Units 3 and 4 as existing structures and land, the heavy water referring to Units 3 and 4 acquired from own sources, the first load of nuclear fuel, own sources, loans contracted by the Company and guaranteed by the State etc. The estimated construction costs for Units 3 and 4 is around EUR 6,5 billion according to an updated feasibility study prepared by Ernst & Young in 2012.

## 7. INVENTORIES

As at 30 June 2014 and 31 December 2013 the inventories of the Company are as follows:

	<b>30 June 2014</b> <b>(unaudited)</b>	<b>31 December 2013</b> <b>(audited)</b>
Spare parts	204.712.010	212.237.925
Materials and supplies	64.342.262	63.839.877
Nuclear fuel	96.286.190	84.973.799
Uranium	16.237.258	18.487.562
Other inventories	3.600.542	6.764.157
<b>Total</b>	<b>385.178.262</b>	<b>386.303.320</b>

## 8. TRADE AND OTHER RECEIVABLES

As at 30 June 2014 and 31 December 2013 the trade and other receivables are as follows:

	<b>30 June 2014</b> <b>(unaudited)</b>	<b>31 December 2013</b> <b>(audited)</b>
Trade receivables	91.195.905	100.114.123
Trade receivables allowance	(14.777.238)	(14.203.561)
Other receivables	66.882.126	63.992.335
Other receivables allowance	(2.500.647)	(2.500.647)
Taxes	23.971.290	49.642.348
<b>Total</b>	<b>164.771.436</b>	<b>197.044.598</b>

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(All amounts are in RON, unless stated otherwise)

As at 30 June 2014, significant trade receivables are from: Electrica Furnizare SA – RON 31.553.270 (31 December 2013: RON 18.607.512), Enel Energie Muntenia SA – RON 14,724,861 (31 December 2013: 9.605.618), Enel Energie S.A. – RON 11.232.604 (RON 21.902.808: 31 December 2013), EON Energie Romania SA – RON 8.281.287 (31 December 2013: 4.129.380) and CEZ Vanzare SA – RON 6.881.051 (RON 19.166.438: 31 December 2013). The sales made during the six month period ended 30 June 2014 to Electrica Furnizare SA represented around 21% (2013: 27%) of the Company's total sales of electricity.

The Company has collected during the six month period ended 30 June 2014 the trade receivable of RON 11.249.674 it had as at 31 December 2013 from Hidroelectrica. As at 30 June 2014, the Company has no trade receivables from Hidroelectrica, however other receivables from Hidroelectrica amount to RON 35.046.775 (31 December 2013: RON 41.320.489). In June 2013, the Company and Hidroelectrica SA signed a reschedule agreement through which Hidroelectrica SA undertook to pay the entire debt in 24 equal instalments, the monthly instalment being of RON 2.920.564. Until the date of these condensed individual interim financial statements, the reschedule agreement has been respected by Hidroelectrica.

As at 30 June 2014 the present value of the discounted future cash flows from Hidroelectrica SA is of RON 34.401.441 (31 December 2013: RON 51.134.927). The difference of RON 645,334 up to the gross amount of RON 35.046.775 is recorded as trade receivable allowance as at 30 June 2014.

The Company's management estimates that this receivable will be collected as Hidroelectrica paid until the date of these condensed individual interim financial statements all the instalments due according to the reschedule agreement. Also, the Romanian Government intends to list Hidroelectrica SA after its exits from the insolvency having the interest to ensure to Hidroelectrica SA the necessary conditions to exist insolvency, as Hidroelectrica SA is one of the biggest Romanian energy producer. It has an installed capacity of 6.400 MW and has the advantage of lower production costs by generating electricity from hydro sources. Also it has a potential revenue growth considering the full liberalization of the energy market by the end of 2017.

The Company's exposure to credit risk and impairment losses related to trade receivables is disclosed in Note 19.

## 9. CASH AND CASH EQUIVALENTS

As at 30 June 2014 and 31 December 2013, the cash and cash equivalents are as follows:

	<u>30 June 2014</u> <u>(unaudited)</u>	<u>31 December 2013</u> <u>(audited)</u>
Cash at bank in RON	1.071.365.071	738.196.975
Cash at bank in foreign currency	924.649	1.083.278
Cash equivalents	<u>52.547</u>	<u>-</u>
<b>Total cash and cash equivalents</b>	<b><u>1.072.342.267</u></b>	<b><u>739.280.253</u></b>

## 10. EQUITY

### *Share capital*

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

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As at 30 June 2014 and 31 December 2013, the share capital in amount of RON 3.013.330.303 includes the effect of restatements for hyperinflation relating to prior periods, required by the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”). The reconciliation of the share capital is as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
Statutory share capital (nominal value)	2.817.827.560	2.817.827.560
Restatement difference in accordance with IAS 29	195.502.743	195.502.743
<b>Restated share capital balance</b>	<b><u>3.013.330.303</u></b>	<b><u>3.013.330.303</u></b>

The share capital is RON 2.817.827.560 as at 30 June 2014, fully paid which consists of 281.782.756 ordinary shares each having a nominal value of RON 10. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the General Shareholder Meeting.

The shareholders’ structure as at 30 June 2014 and 31 December 2013 was as follows:

	<u>No. of shares</u>	<u>% of shareholding</u>
The Romanian State through the Ministry of Economy – Energy Department	229.006.139	81,2705%
Fondul Proprietatea SA	27.408.381	9,7270%
Other investors	25.368.236	9,0025%
<b>TOTAL</b>	<b><u>281.782.756</u></b>	<b><u>100%</u></b>

*Share premium*

In November 2013, the Company issued 28.100.395 shares on the Bucharest Stock Exchange through an initial public offering and through the right of preference exercised by the shareholder Fondul Proprietatea S.A. The amount collected of RON 312.478.099 is made of share capital increase of RON 281.003.950 and a share premium of RON 31.474.149.

*Prepaid share reserve*

Prepaid share reserve of RON 217.855.742 as at 30 June 2014 (RON 215.930.237: 31 December 2013) represents mainly cash contributions from State Budget towards the Company for construction of nuclear Unit 2 in amount of RON 193.180.018. In accordance with GD 365/1998, these non-refundable amounts will be used in the future to increase the Company’s share capital. During the six month period ended 30 June 2014, the Company obtained the title deeds for a plot of land received for free from the Ministry of Economy associated with a property partially owned in Bucharest (Bd.Magheru). The Company will issue new shares in order to increase the share capital with the value of the plot of land. The fair value of the plot of land is of RON 1.925.505 and the number of shares to be issued will be later established. The Extraordinary General Meeting of Shareholders held on 31 July 2014 approved the inception of the proceeding regarding the share capital increase contributed in kind with the value of the land.

*Revaluation reserves*

The revaluation reserve is in amount of RON 325.132.486 as at 30 June 2014 (RON 337.713.566 as at 31 December 2013), net of deferred tax liability.

*Retained earnings*

Retained earnings represent the accumulated results of the Company. The retained earnings are distributable based on the financial statements prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 and related amendments, applicable to companies of whose securities are traded on a regulated market.

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During the six month period ended 30 June 2014, the Company has declared dividends in amount of RON 340.957.135 (RON 28.490.598 as at 30 June 2013). The unpaid dividends as at 30 June 2014 amount to RON 26.722.193.

**11. BORROWINGS**

The repayment of borrowings during the six month period ended 30 June 2014 was as follows:

	<b>Currency</b>	<b>Interest rate</b>	<b>Carrying amount</b>	<b>Year of maturity</b>
<b>Balance at 1 January 2014</b>			<b>1.946.646.914</b>	
New issues			-	
<b>Repayments, out of which:</b>			<b>(107.991.088)</b>	
Societe Generale - ALSTOM BC	EUR	EURIBOR+0.450%	(2.344.597)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR+0.450%	(16.909.610)	2022
Societe Generale - AECL BC	CAD	CDOR+0.375%	(32.597.180)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR+0.450%	(2.945.242)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0.070%	(4.807.123)	2017
EURATOM	EUR	EURIBOR+0.08%	(22.423.500)	2022
BCR	RON	BUBOR-1.1%	(25.963.836)	2014
<b>Exchange rate differences</b>			<b>(37.498.336)</b>	
<b>Balance at 30 June 2014</b>			<b>1.801.157.490</b>	

As at 30 June 2014 and 31 December 2013 the long term borrowings from credit institutions were as follows:

	<b>30 June 2014 (unaudited)</b>	<b>31 December 2013 (audited)</b>
Societe Generale - ALSTOM BC	14.030.483	16.733.437
Societe Generale - ANSALDO BC	269.840.246	293.090.286
Societe Generale - AECL BC	525.785.660	567.934.833
Societe Generale - NEXANS BC	17.624.847	21.020.252
Societe Generale - GENERAL ELECTRIC	33.222.916	38.456.981
EURATOM	914.689.500	957.483.450
BCR	25.963.838	51.927.675
<b>Total long term loans from credit institutions</b>	<b>1.801.157.490</b>	<b>1.946.646.914</b>
<b>Less: Current portion of the long term loans</b>	<b>(209.072.614)</b>	<b>(210.644.364)</b>
<b>Less: Transaction cost for obtaining the loans (long term)</b>	<b>(48.832.334)</b>	<b>(60.574.928)</b>
<b>Total long term loans, net of current amounts</b>	<b>1.543.252.542</b>	<b>1.675.427.622</b>

The financial covenants required by the loan granted by Euratom are met as at 30 June 2014.

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As at 30 June 2014 and 31 December 2013 the short term borrowings are as follows:

	<b>30 June 2014</b> <b>(unaudited)</b>	<b>31 December 2013</b> <b>(audited)</b>
Current portion of the long term borrowings	209.072.614	210.644.364
Accrued interest on long term borrowings	2.038.096	2.141.149
Short term transaction costs	(7.828.396)	-
<b>Total short term borrowings</b>	<b>203.282.314</b>	<b>212.785.513</b>

**12. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

As at 30 June 2014 and 31 December 2013, trade and other liabilities are as follows:

	<b>30 June 2014</b> <b>(unaudited)</b>	<b>31 December 2013</b> <b>(audited)</b>
Property, land and equipment suppliers	18.571.745	66.309.815
Trade payables	136.546.678	130.365.966
Employee benefits	21.262.021	12.666.155
Payables to State	18.329.395	22.213.373
Dividends payable	26.722.193	-
Other payables	2.110.734	11.403.627
<b>Total</b>	<b>223.542.766</b>	<b>242.958.936</b>

As at 30 June 2014, the main outstanding suppliers are: CN Transelectrica SA – RON 19.625.309 (31 December 2013: 33.977.666), General Electric – RON 19.615.693 (31 December 2013: 2.765.882) and CNU Sucursala Feldioara – RON 11.183.319 (31 December 2013: 172.321).

**13. INCOME TAX**

Tax recognized in profit or loss account:

	<b>3 months</b> <b>period ended</b> <b>30 June 2014</b> <b>(unaudited)</b>	<b>3 months</b> <b>period ended</b> <b>30 June 2013</b> <b>(unaudited)</b>	<b>6 months</b> <b>period ended s</b> <b>30 June 2014</b> <b>(unaudited)</b>	<b>6 months</b> <b>period ended</b> <b>30 June 2013</b> <b>(unaudited)</b>
Current tax expense	(10.016.999)	15.113.606	16.300.565	49.650.794
Deferred tax release	(4.516.147)	838.274	(6.769.415)	(2.414.531)
<b>Total</b>	<b>(14.533.146)</b>	<b>15.951.880</b>	<b>9.531.150</b>	<b>47.236.263</b>

Due to the high profit recorded during the first quarter of 2014, the Company has paid for the first quarter a higher income tax than for the entire six month period ended 30 June 2014. Thus, as at 30 June 2014, the income tax receivable is of RON 11.016.999.

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**14. SALES OF ELECTRICITY**

(i) *Revenues from electricity sales*

	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
Sales of electricity on regulated market	118.752.162	162.268.927	265.581.253	357.875.208
Sales of electricity on free market	231.019.743	230.059.054	517.277.093	521.139.368
Revenues from green certificates	16.976	12.788	235.435	24.237
<b>Total</b>	<b>349.788.881</b>	<b>392.340.769</b>	<b>783.093.781</b>	<b>879.038.813</b>

(ii) *Quantity sold*

	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
Quantity of energy sold on regulated market (MWh)	814.038	1.141.672	1.820.920	2.519.767
Quantity of energy sold on free market (MWh)	1.542.306	1.311.886	3.360.144	2.756.092
<b>Total</b>	<b>2.356.344</b>	<b>2.453.558</b>	<b>5.181.064</b>	<b>5.275.859</b>

In accordance with the Electricity Law 123/2012, the electricity sector is regulated by the National Agency for Electricity Sector Regulation (“ANRE”), an autonomous public institution. ANRE establishes the prices to be used by the Company for selling electricity on the regulated market and also the quantities to be sold by the Company on the regulated market.

During the six month period ended 30 June 2014, the Company sold approximately 35% of the electricity on the regulated market, while during the six month period ended 30 June 2013, 48% was sold on the regulated market. The remaining quantity was sold on the free market. The planned outage for Unit 1 took place during the period 10 May – 8 June 2014.

During the six month period ended 30 June 2013 several customers cancelled their electricity acquisition contracts concluded with the Company. Thus, during the six month period ended 30 June 2013, the Company recognized penalties in amount of RON 39.553.939 in relation to the cancelled contracts, which were disclosed as Other income on the face of the condensed individual income statement. However, this was not the case during the six month period ended 30 June 2014, when the penalties recognised were nil.

**15. OTHER OPERATING EXPENSES**

	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
Third party services	18.757.153	29.171.455	55.532.485	53.078.702
Expenses with ANDR	20.034.564	20.115.152	44.609.535	44.163.691
Energy and water	17.298.679	18.294.333	35.909.657	38.225.174
Fuels, lubricants and other consumables	11.790.295	10.356.724	21.611.036	18.745.918
Insurance	2.445.141	2.461.281	6.008.640	6.143.801
Transportation and telecommunication	2.118.270	2.389.917	3.946.729	3.714.551
Tax on special constructions	44.699.285		44.699.285	
Other operating expenses	(9.564.680)	11.452.557	22.879.923	29.473.435
<b>Total</b>	<b>107.578.707</b>	<b>94.241.419</b>	<b>235.197.290</b>	<b>193.545.272</b>

“Other operating expenses” consist mainly of other taxes and provisions expenses.

Starting with 2007, following the Government Decision no. 1080/5 September 2007 regarding the safe management of the radioactive waste and the decommissioning of the nuclear installations, the Company is required to make two types of contributions to the ANDR:

- Contribution for the decommissioning of each nuclear unit amounting to 0,6 EUR/MWh of electricity produced and injected in the system.
- Contribution for the permanent storage of radioactive waste of 1,4 EUR/MWh of electricity produced and injected in the system.

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

The Company’s expense regarding the contributions to ANDR during the 6 month period ended 30 June 2014 is of RON 44.609.535 (12 month period ended 31 December 2013: RON 94.795.297).

Starting with 2014, companies must declare and pay the tax on special constructions. This amounts to 1,5% from the value of the constructions in balance at 31 December of the preceeding year. Nuclear power plants are included in the category of special constructions. The tax on special constructions due by the Company for the first semester of 2014 is of RON 44.699.285.

**16. FINANCE INCOME AND FINANCE COSTS**

	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
Interest income	8.477.244	9.685.394	17.824.849	20.367.859
Foreign exchange gains	20.378.239	57.596.215	60.575.826	111.873.125
Dividend income	403.993	-	403.993	-
<b>Finance income</b>	<b>29.259.476</b>	<b>67.281.609</b>	<b>78.804.668</b>	<b>132.240.984</b>
Foreign exchange losses	(16.885.339)	(48.916.308)	(23.694.472)	(101.313.110)
Interest expense	(6.480.598)	(1.225.940)	(12.397.364)	(15.626.419)
<b>Finance costs</b>	<b>(23.365.937)</b>	<b>(50.142.248)</b>	<b>(36.091.836)</b>	<b>(116.939.529)</b>
<b>Net finance income</b>	<b>5.893.539</b>	<b>17.139.361</b>	<b>42.712.832</b>	<b>15.301.455</b>

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*(All amounts are in RON, unless stated otherwise)*

In May 2014, Energonuclear has distributed dividends of RON 403.993 to the Company. The amount was received in July 2014.

**17. RELATED PARTY TRANSACTIONS****i) Transactions with state – owned companies**

The Company operates in an economic environment dominated by entities directly controlled by the Government of Romania through its government authorities and agencies, collectively referred to as state-owned companies.

The Company had significant transactions with other state-owned companies: sales of electricity (Electrica Furnizare, and OPCOM), purchase of energy transmission services and balancing services (CN Transelectrica SA), advances received for electricity to be delivered (Electrica Furnizare), purchases of uranium (Compania Nationala a Uraniului), water utilization (Apele Romane Bucuresti, Apele Romane Constanta) etc.

The significant transactions and balances with Company related parties during the six month periods ended 30 June 2014 and 30 June 2013 consist of the following:

	<b>Sales for 6 month period ended</b>		<b>Receivables as at</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
Electrica Furnizare	169.159.165	251.404.155	30.201.815	18.607.512
OPCOM	120.085.510	90.563.591	4.023.154	267.803
CNTranselectrica SA	641.868	10.243.736	450.575	153.890
Electrica Distributie Muntenia Nord	-	16.370.958		
Hidroelectrica	-	-	34.401.441	52.570.163
Regia Autonoma pentru Activitati Nucleare (RAAN)	-	-	-	7.825.064
<b>Total</b>	<b>289.886.543</b>	<b>368.582.440</b>	<b>69.076.985</b>	<b>79.424.432</b>
	<b>Purchases for 6 month period ended</b>		<b>Payables as at</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>	<b>30 June 2014</b>	<b>31 December 2013</b>
CN Transelectrica SA	60.110.402	70.371.171	19.625.309	33.977.666
Compania Nationala a Uraniului	56.589.640	47.150.596	11.183.319	172.321
ANDR	44.609.535	44.163.691	6.764.988	-
Apele Romane Bucuresti	27.219.299	28.653.747	10.484.856	6.270.494
Apele Romane Constanta	5.049.388	5.091.674	1.598.660	1.199.438
OPCOM	2.374.325	1.598.272	213.013	-
CNCAN	4.950.000	4.950.000	-	-
ICSI Ramnicu Valcea	6.799.171	536.997	5.118.602	-
Electrica Furnizare	-	-	5.313.410	-
<b>Total</b>	<b>207.701.760</b>	<b>202.516.148</b>	<b>60.302.157</b>	<b>41.619.919</b>

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*(All amounts are in RON, unless stated otherwise)***ii) Compensation to key management personnel**

Compensation to key management personnel for their services is made up of a contractual salary and a performance bonus awarded to the managers and administrators depending on operating result, in accordance with the provisions of the mandate and administration agreements signed with the Company, within the limits approved by the General Shareholders Meeting. Additional fees, compensation and allowances may be paid to management for their services in that capacity, and also for attending board meetings. Upon resignation at the Company's request, the key management personnel is entitled to termination benefits of up to 12 salaries, depending on the number of years of service within the energy sector.

	<b>6 month period ended 30 June 2014 (unaudited)</b>	<b>6 month period ended 30 June 2013 (unaudited)</b>
Short-term benefits	2.212.901	1.552.025
	<b>2.212.901</b>	<b>1.552.025</b>

**18. EARNINGS PER SHARE**

As at 30 June 2014 and 30 June 2013, the earnings per share are as follows:

*(i) Basic earnings per share*

	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
<b>Net profit for the period</b>	<b>(41.389.939)</b>	<b>50.783.856</b>	<b>60.424.966</b>	<b>196.121.832</b>
Number of ordinary shares at the beginning and at the end of the period	281.782.756	253.682.361	281.782.756	253.682.361
<b>Basic earnings per share (RON/share)</b>	<b>(0,15)</b>	<b>0,20</b>	<b>0,21</b>	<b>0,77</b>

*(ii) Diluted earnings per share*

	<b>3 months period ended 30 June 2014 (unaudited)</b>	<b>3 months period ended 30 June 2013 (unaudited)</b>	<b>6 months period ended 30 June 2014 (unaudited)</b>	<b>6 months period ended 30 June 2013 (unaudited)</b>
<b>Net profit for the period</b>	<b>(41.389.939)</b>	<b>50.783.856</b>	<b>60.424.966</b>	<b>196.121.832</b>
Number of ordinary shares at the beginning and at the end of the period (a)	281.782.756	253.682.361	281.782.756	253.682.361
Number of shares corresponding to prepaid share reserve (b) (See Note 10)	19.630.221	19.437.670	19.630.221	19.437.670
<b>Weighted average number of ordinary (diluted) shares as at 30 June (a) + (b)</b>	<b>301.412.977</b>	<b>273.120.031</b>	<b>301.412.977</b>	<b>273.120.031</b>
<b>Diluted earnings per share (RON/share)</b>	<b>(0,14)</b>	<b>0,19</b>	<b>0,20</b>	<b>0,72</b>

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**19. FINANCIAL RISK**

**a. Financial risk factors**

*Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Company's receivables from customers and investment securities.

Financial assets, which potentially subject this Company to credit risk, consist principally of trade receivables, cash and cash equivalents and bank deposits. The Company has policies in place to ensure that sales of electricity are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of allowance, represents the maximum amount exposed to credit risk.

As at 30 June 2014 the Company has significant concentration of credit risk: about 35% of the Company's trade receivables are due from SC Electrica Furnizare SA (see Note 8).

Cash is placed in financial institutions, which are considered to have minimal risk of default, principally at Romanian Commercial Bank, BRD - Groupe Societe Generale and Banca Transilvania.

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

	<b>Carrying amount</b>	
	<b>30 June 2014</b>	<b>31 December 2013</b>
<b>Financial assets</b>		
Trade receivables	76.418.667	85.910.562
Other receivables	88.352.769	111.134.036
Bank deposits	31.442.715	704.525.705
Cash and cash equivalents	1.072.342.267	739.280.253
	<b>1.268.556.418</b>	<b>1.640.850.556</b>

The ageing of trade receivables at the reporting date is:

	<b>Gross 30 June 2014</b>	<b>Impairment 30 June 2014</b>	<b>Gross 31 December 2013</b>	<b>Impairment 31 December 2013</b>
Neither past due nor impaired	75.746.515	-	82.578.115	-
Past due 1–30 days	671.981	-	267.052	-
Past due 31–90 days	171	-	132.427	-
Past due 91–180 days	-	-	72.733	-
Past due 181–270 days	-	-	781.707	-
Past due 271–365 days	-	-	38.116	-
Past due more than one year	14.777.238	(14.777.238)	16.243.973	(14.203.561)
<b>Total</b>	<b>91.195.905</b>	<b>(14.777.238)</b>	<b>100.114.123</b>	<b>(14.203.561)</b>

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*(All amounts are in RON, unless stated otherwise)*

The movement in the trade receivables allowance during the period was as follows:

	<u>30 June 2014</u>	<u>31 December 2013</u>
<b>Balance at 1 January</b>	(14.203.561)	(7.312.781)
Allowance recognized net	(573.677)	(6.890.780)
<b>Balance at period end</b>	<u>(14.777.238)</u>	<u>(14.203.561)</u>

The ageing of other receivables at reporting date is:

	<u>Gross</u> <u>30 June 2014</u>	<u>Impairment</u> <u>30 June 2014</u>	<u>Gross</u> <u>31 December</u> <u>2013</u>	<u>Impairment</u> <u>31 December</u> <u>2013</u>
Neither past due nor impaired	88.352.769	-	111.124.926	-
Past due more than one year	2.500.647	(2.500.647)	2.509.757	(2.500.647)
<b>Total</b>	<u>90.853.416</u>	<u>(2.500.647)</u>	<u>113.634.683</u>	<u>(2.500.647)</u>

**b. Carrying amount versus fair values**

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining the fair values of assets and liabilities, the Group uses at the extent possible the observable market values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

As at 30 June 2014, management considers that the fair values of cash and cash equivalents, trade receivables and other receivables, trade payables, loans and other short term liabilities approximate their carrying value.

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed individual statement of financial position are as follows:

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level</u>
<b>30 June 2014</b>			
<b>Current financial assets</b>			
Trade receivables	76.418.667	76.418.667	
Other receivables	88.352.769	88.352.769	
Bank deposits	31.442.715	31.442.715	
Cash and cash equivalents	1.072.342.267	1.072.342.267	
	<u>1.268.556.418</u>	<u>1.268.556.418</u>	

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*(All amounts are in RON, unless stated otherwise)*

	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>30 June 2014</b>			
<b>Long term financial liabilities</b>			
Long term financial borrowings	1.543.252.542	1.543.252.542	2
	<b>1.543.252.542</b>	<b>1.543.252.542</b>	
<b>Current financial liabilities</b>			
Trade Payables, including Suppliers of PP&E	155.118.423	155.118.423	-
Borrowings	203.282.314	203.282.314	2
Dividends payable	26.722.193	26.722.193	-
Employee benefits and other payables	20.440.130	20.440.130	-
	<b>405.563.060</b>	<b>405.563.060</b>	

**20. CONTINGENCIES AND COMMITMENTS****(i) Legal proceedings**

During the six month period ended 30 June 2014, the Company was involved in a number of litigations arising in its normal course of activity. The management of the Company regularly analyzes the ongoing litigations and, after consulting with its legal representatives and external lawyers, decides whether or not to create a provision or to disclose any litigation in the financial statements.

In the opinion of the Company's management, there are no litigations or disputes which may have a significant impact on the Company's financial result and position and which have not been disclosed in these condensed individual interim financial statements.

**(ii) Commitments**

As at 30 June 2014, the Company is committed to incur capital and operational expenditure of approximately RON 914 million.

**21. SUBSEQUENT EVENTS***General Shareholders Meeting held on 31 July 2014*

On 31 July 2014, in the the Ordinary General Shareholders Meeting approved the Company's Expenses and Revenues Budget for the year 2014. In the same time, the Extraordinary General Meeting of Shareholders approved the inception of the proceeding regarding the share capital increase by the value of the land located in Gen. Gh. Magheru Avenue, for which the title deeds were obtained in February 2014 (see Note 10).

*EnergONuclear S.A.*

On 2 July 2014, the Romanian Government approved the Memorandum on "Approval of the strategy for further actions regarding Project Units 3 and 4". On 31 July 2014, during the Extraordinary General Shareholders Meeting information on further development of Project Units 3 and 4 at Cernavoda and on attracting new investors through a competitive selection procedure was published and presented to shareholders.

Also, on 31 July 2014, the Government approved the Memorandum on "Approval of the strategy on further development of Cernavoda Units 3 and 4 by organizing a selection procedure for investors".

Daniela Lulache  
CEO

Mihai Darie  
CFO

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