



SN Nuclearelectrica SA

**Condensed Individual Interim Financial Statements
as at and for the period of six months ended on
June 30, 2016**

Prepared in accordance with
the International Financial Reporting Standards adopted by European Union
(IFRS-EU)
based on
International Accounting Standard 34 – “*Interim Financial Reporting*”

SN Nuclearelectrica SA

Condensed Individual Interim Financial Position as at 30 June 2016

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

	Note	30 June 2016 (reviewed)	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	7.290.030.826	7.474.555.551
Intangible assets	5	87.461.511	79.982.771
Financial instruments	6	141.689.201	141.689.201
Total non-current assets		7.519.181.538	7.696.227.523
Current assets			
Inventories	7	320.740.568	323.222.947
Income tax receivable	13	19.902.229	1.173.730
Trade and other receivables	8	92.955.123	163.499.181
Prepayments		14.071.684	12.072.918
Bank deposits	9	1.202.274.123	1.103.841.528
Cash and cash equivalents	9	176.324.600	257.376.819
Total current assets		1.826.268.327	1.861.187.123
Total assets		9.345.449.865	9.557.414.646
Equity and liabilities			
Equity			
Share capital, out of which:	10	3.210.641.253	3.210.641.253
<i>Subscribed and paid in share capital</i>		<i>3.015.138.510</i>	<i>3.015.138.510</i>
<i>Inflation adjustment to share capital</i>		<i>195.502.743</i>	<i>195.502.743</i>
Share premium	10	31.474.149	31.474.149
Prepaid share reserve	10	21.553.537	21.553.537
Revaluation reserve	10	279.558.592	293.329.577
Retained earnings	10	3.812.584.875	3.936.724.775
Total shareholder's equity		7.355.812.406	7.493.723.291
Liabilities			
Non-current liabilities			
Long term borrowings	11	1.185.402.617	1.279.606.054
Deferred income		150.618.947	157.791.277
Deferred income tax liability		169.216.064	173.496.018
Employee's benefits		32.666.545	31.796.021
Total non-current liabilities		1.537.904.173	1.642.689.370
Current liabilities			
Accounts payable and other liabilities	12	229.711.828	197.281.806
Deferred income		7.601.232	21.671.875
Current portion of long term borrowings	11	214.420.226	202.048.304
Total current liabilities		451.733.286	421.001.985
Total liabilities		1.989.637.459	2.063.691.355
Total equity and liabilities		9.345.449.865	9.557.414.646

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Condensed Individual Interim Statement of Profit or Loss for the six months period as at 30 June 2016.

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

Note	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Revenues				
Sales of electricity	277.332.005	351.499.755	723.764.321	791.792.692
Electricity transmission revenues	8.085.398	24.158.756	19.406.569	52.656.530
Total revenues	285.417.403	375.658.511	743.170.890	844.449.222
Other income	2.394.768	(3.697.955)	(924.360)	13.942.175
Operating expenses				
Depreciation and amortization	(119.349.324)	(117.799.580)	(238.404.790)	(233.841.384)
Personnel expenses	(74.329.817)	(74.283.600)	(142.282.641)	(139.401.855)
Cost of traded electricity	(2.809.314)	(12.336.475)	(5.223.213)	(19.224.269)
Repairs and maintenance	(64.251.145)	(64.910.987)	(81.000.460)	(80.206.840)
Electricity transmission expenses	(8.085.398)	(24.158.756)	(19.406.569)	(52.656.530)
Costs with spare parts	(15.051.909)	(10.717.796)	(16.806.094)	(13.913.715)
Cost of uranium fuel	(27.726.731)	(27.472.223)	(66.905.694)	(69.826.644)
Other operating expenses	(78.869.949)	(69.432.480)	(198.901.230)	(234.248.053)
Total operating expenses	(390.473.587)	(401.111.897)	(768.930.691)	(843.319.290)
Operating result	(102.661.416)	(29.151.341)	(26.684.161)	15.072.107
Finance cost	(39.948.277)	(33.006.275)	(62.054.380)	(66.578.092)
Finance income	16.163.654	20.248.049	48.569.430	61.874.744
Net finance (expenses)	(23.784.623)	(12.758.226)	(13.484.950)	(4.703.348)
(Loss)/Profit before income tax	(126.446.039)	(41.909.567)	(40.169.111)	10.368.759
Net income tax expenses	21.745.719	9.376.399	2.330.256	(7.466.591)
(Loss)/Profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168

The condensed individual interim financial statements presented in pages from 1 to 28 were signed on August 10, 2016 by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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Condensed Individual Interim Statement of Comprehensive Result for the six months period as at 30 June 2016

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

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
(Loss) / Profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168
Other elements of the comprehensive income				
Items that will never be classified in the profit and loss account				
Actuarial (loss) related to the determined benefits plans	(572.459)	-	(572.459)	-
Other elements of the comprehensive income	(572.459)	-	(572.459)	-
Total comprehensive result for the period	(105.272.779)	(32.533.168)	(38.411.314)	2.902.168
Earnings per share				
Basic earnings per share (Ron/share)	18 (0,35)	(0,11)	(0,13)	0,01
Diluted earnings per share (Ron/share)	18 (0,35)	(0,11)	(0,13)	0,01

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Condensed Individual Interim Statement of Changes in Equity for the six months period as at 30 June 2016

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

	Note	Share capital	Share capital premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2015 (restated, audited)		3.013.330.303	31.474.149	217.820.977	313.405.061	3.853.283.081	7.429.313.571
Comprehensive income for the period							
<i>Profit for the period</i>		-	-	-	-	2.902.168	2.902.168
<i>Other elements of comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	2.902.168	2.902.168
Shares issue	10	194.382.850	-	(194.376.700)	-	-	6.150
Prepaid reserve increase	10	-	-	1.087.260	-	-	1.087.260
Transfer of revaluation reserve in the reported income	10	-	-	-	(11.626.888)	11.626.888	-
Dividends declared		-	-	-	-	(90.366.312)	(90.366.312)
Other items		-	-	-	-	(23.312)	(23.312)
Balance as at 30 June 2015 (restated, reviewed)		3.207.713.153	31.474.149	24.531.537	301.778.173	3.777.422.513	7.342.919.525

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Condensed Individual Interim Statement of Changes in Equity for the six months period as at 30 June 2016

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

	Note	Share capital	Share capital premiums	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2016 (audited)		3.210.641.253	31.474.149	21.553.537	293.329.577	3.936.724.775	7.493.723.291
Comprehensive income for the period							
<i>Profit for the period</i>		-	-	-	-	(37.838.855)	(37.838.855)
<i>Other elements of comprehensive income</i>		-	-	-	-	(572.459)	(572.459)
Total comprehensive income for the period		-	-	-	-	(38.411.314)	(38.411.314)
Transfer of revaluation reserve in the reported income	10	-	-	-	(13.770.985)	13.770.985	-
Dividends declared		-	-	-	-	(99.499.571)	(99.499.571)
Balance as at 30 June 2016 (reviewed)		3.210.641.253	31.474.149	21.553.537	279.558.592	3.812.584.875	7.355.812.406

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Condensed Individual Interim Statement of Cash Flows for the six months period as at 30 June 2016

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

	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Cash flows from operating activities		
(Loss)/Profit before income tax	(40.169.111)	10.368.759
Adjustments for:		
Depreciation and amortization	238.404.790	233.841.384
(Gain) on trade and other receivables	(779)	(1.350.489)
(Gain) on inventories	(1.175.685)	-
(Gain)/Loss from provisions	(1.811.568)	3.108.821
(Gain)/Loss from non-current assets sold	(39.923)	31.330
Net finance expenses	13.731.258	4.128.280
Changes in:		
Trade and other receivables decrease	71.155.437	88.991.666
Decrease/(Increase) in inventories	3.844.184	(9.479.906)
(Decrease) in deferred income	(21.242.973)	(10.783.512)
(Decrease)/Increase in prepayments	(1.998.766)	5.867.870
Increase in accounts payable and other liabilities	25.310.167	6.870.251
Cash flows relating to operating activities	286.007.031	331.594.454
Income tax paid	(20.678.197)	(24.698.453)
Interest received	7.819.908	10.463.124
Interest paid	(3.908.118)	(7.046.175)
Net cash flow from operating activities	269.240.624	310.312.950
Cash flows relating to investing activities		
Purchase of intangible assets	(4.718.626)	(3.996.895)
Purchase of property, plant and equipment	(42.991.173)	(74.221.733)
Proceeds from property, plant and equipment	42.266	158.434
(Increase) in bank deposits	(98.432.595)	(522.672.891)
Net cash flow from investing activities	(146.100.128)	(600.733.085)
Cash flow relating to financing activities		
Payments of borrowings	(105.533.298)	(105.667.973)
Payments of dividends	(98.659.417)	(88.046.466)
Shares issue	-	6.150
Net cash flow from financing activities	(204.192.715)	(193.708.289)
Net (decrease)/increase of cash and cash equivalents	(81.052.219)	(484.128.424)
Cash and cash equivalents as at 1 January (see Note 9)	257.376.819	1.152.298.625
Cash and cash equivalents as at 30 June (see Note 9)	176.324.600	668.170.201

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
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1. REPORTING ENTITY

Societatea Nationala Nuclearelectrica SA (“the Company”) is a company based in Romania. The company’s registered office is located in Bucharest, 65 Polona Street.

The main operating location is in Cernavoda, Constanta county, where the Company has two operating nuclear reactors (Unit 1 and Unit 2), two nuclear reactors in early stage of construction (Units 3-4) and one reactor (Unit 5), for which the company’s shareholders approved the change of destination. Construction of Units 3 and 4 was planned to be completed by EnergoNuclear; currently, there is a new strategy to continue the project related to Units 3 and 4 which was approved by the Extraordinary General Meeting of Shareholders on August 22, 2014 (for more information refer to Note 6). The two reactors are based on CANDU technology (Canada Deuterium Uranium of PHWR type).

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

The main activity of the Company is to generate electricity by operating Units 1 and 2.

In accordance with the Electricity Law no. 123/2012, the electricity sector is regulated by the Regulatory Authority for Energy (“ANRE”), an autonomous public institution. ANRE establishes through annual decision the tariffs to be used by the Company for selling electricity on regulated market. During the 6-month period ended on June 30, 2016 the Company sold approximately 18% of its energy on the regulated market (21% was sold during the 6-month period ended on June 30, 2015). The total quantity of energy sold during the 6-month period ended on June 30, 2016 amounts to 4,812,414 MWh, as compared to 5,179,858 MWh, sold during the 6-month period ended on June 30, 2015. The average price for electricity sales on the regulated market during the 6-month period ended on June 30, 2016 amounts to 162,7 RON/MWh as compared to 158,6 RON/MWh during the 6-month period ended on June 30, 2015, net of the tariff for transmission service paid to Transelectrica for using the electricity transmission network.

Since November 4, 2013 the shares of the Company have been traded on the Bucharest Stock Exchange, under the SNN symbol.

As described in Note 10, on June 30, 2016 the shareholders of the company are: The Romanian State through the Ministry of Energy holding 248.736.619 shares representing 82.4959% of the share capital, Fondul Proprietatea SA which holds 27.408.381 shares representing 9.0903% of the share capital and other shareholders – natural persons and legal entities - holding together 25.368.851 shares, representing 8.4138% of the share capital.

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed individual interim financial statements were prepared in accordance with OMPF 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 OMPF 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, 2002 regarding the application of the international accounting

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
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standards.

These condensed individual interim financial statements were prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. They do not include all the necessary information for a complete set of financial situations according to the International Financial Reporting Standards („IFRS”) and they must be read along with the annual financial statements of the company, issued on December 31, 2015. Nevertheless, certain explanatory notes are included in order to explain the events and transactions that are significant for understanding the modifications interfered in the financial position and in the company performance from the last individual annual financial statements and for the financial year ended on December 31, 2015.

The condensed individual interim financial statements as at and for the 6-month period ended on June 30, 2016 are not audited and were not reviewed by an independent auditor.

These condensed individual interim financial statements were authorized to be issued and signed on August 10, 2016 by the management of the Company.

b) Use of estimates and professional judgements

The preparation of the condensed individual interim financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may vary from the estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 is included in Note 6 (Continuity of the activity carried out by Energonuclear).

The significant judgments 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 on December 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed individual interim financial statements are in compliance with the ones applied in the individual financial statements of the Company for the financial year ended on December 31, 2015 with the exception of the ones mentioned below.

Inventories

According to the IAS 2 "Inventories" the cost of discharged inventories shall be determined by applying the first-in, first-out method (FIFO) or the weighted average cost method (WAC). Up to December 31, 2015, the company used the FIFO method.

Following the analysis made by the management of the company it was concluded that the use of WAC method would produce credible results in the annual financial statements for their users. In this context, starting from the 1st

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
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of January 2016 the accounting policy used in order to determine the cost of the discharged inventories was changed from FIFO to WAC.

In accordance with the requirements for changing the accounting policies stipulated by IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the management believes that the WAC method results in financial statements which are more relevant and more reliable for users' needs by making economic decisions, as shown in the analysis of the two methods below:

- The FIFO method involves that the discharged inventories are to be evaluated with their cost of acquisition or production cost of the first entry. If the inventories are older and the prices are rising, this method does not produce the most reliable results to be reflected in the statement of the comprehensive income;
- The WAC method involves the cost calculation for every item according to the weighted average cost for similar items in stock at the beginning of the period and for those purchased during the period.

The Company is unable to retroactively apply this change in accounting policy in accordance with the requirements of IAS 8, because the effects of retroactive application are not determinable since the cumulative impact on all prior periods cannot be calculated. Therefore, the Company applies the new policy prospectively from January 1, 2016.

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Notes to the Condensed Individual Interim Statement prepared on and for the six months period as at 30 June 2016
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4. PROPERTY, PLANT AND EQUIPMENT

	Lands	Nuclear Power Plants	Machinery, equipment and other assets	Assets under construction	TOTAL
Cost					
Balance as at 1 January 2015	28.662.087	6.072.194.991	1.409.870.162	995.561.840	8.506.289.079
Additions	1.006.071	-	14.087.194	123.699.391	138.792.656
Revaluation of special buildings/land/constructions	4.357.831	4.417.451	(5.002.628)	-	3.772.654
Offset of accumulated amortization upon revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Transfers	-	12.772.406	140.213.936	(152.986.343)	-
Inventory transfer	-	-	-	14.189.594	14.189.594
Spare parts transfer	-	-	879.654	(879.654)	-
Disposals	-	-	(2.050.146)	(61.643)	(2.111.789)
Balance as at 31 December 2015	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Balance as at 1 January 2016	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Additions	-	-	2.462.310	54.366.331	56.828.641
Transfers	-	95.279.830	15.583.691	(110.863.520)	-
Spare parts transfer	-	-	-	(187.321)	(187.321)
Reclassification in intangible assets	-	-	-	(13.717.629)	(13.717.629)
Disposals	-	-	(733.157)	-	(733.157)
Balance as at 30 June 2016	34.025.989	5.510.856.994	1.510.872.077	909.121.046	7.964.876.106
Depreciation and impairment losses					
Balance as at 1 January 2015	233.272	334.518.634	243.154.606	139.384.519	717.291.031
Depreciation charges	77.757	339.289.050	108.129.274	-	447.496.081
Revaluation of special buildings/land/constructions	2.490.088	29.408.719	(16.607.332)	-	15.291.475
Accumulated depreciation of disposals	-	-	(1.838.455)	-	(1.838.455)
Adjustments for intangible assets depreciation	-	-	(13.106)	8.149.618	8.136.511
Offset of accumulated depreciation on revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Balance as at 31 December 2015	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Balance as at 1 January 2016	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Depreciation	38.878	170.709.285	56.815.729	-	227.563.892
Accumulated depreciation of disposals	-	-	(732.014)	-	(732.014)
Adjustments for intangible assets depreciation	-	-	-	(116.618)	(116.618)
Balance as at 30 June 2016	2.839.995	200.118.004	324.469.763	147.417.518	674.845.279
Carrying amount					
Balance as at 1 January 2016	28.428.815	5.737.676.357	1.166.715.555	856.177.322	7.788.998.048
Balance as at 31 December 2015	31.224.872	5.386.168.445	1.225.173.185	831.989.050	7.474.555.551
Balance as at 30 June 2016	31.185.994	5.310.738.990	1.186.402.315	761.703.529	7.290.030.826

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The machinery, equipment and other assets mainly include the first load of heavy water used for the Units 1 and 2, with a net carrying amount as at June 30, 2016 of 393,859,629 RON (December 31, 2015: 404,188,599RON) and buildings with a net carrying amount at June 30, 2016 of 324,605,979 RON (December 31, 2015: 332,439,518 RON).

According to the accounting policies in force applied by the Company, lands, buildings and constructions are stated at fair value. These assets were revalued on December, 31 2015 by an independent evaluator, East Bridge SRL, member of the National Association of Certified Evaluators in Romania (ANEVAR).

Revaluation results have been accounted by using the net method and reflect a reduction in the net carrying amount of assets (lands, buildings and constructions) amounting to RON 11,518,821.

On December 31, 2015 Depreciation and amortization include RON 15,291,475 RON, representing the expenses resulted from reduction in net carrying amount of the revalued assets, and RON 8,136,511 RON, representing the provision for adjustments of depreciation of assets proposed for disposal after the annual inventory.

On June 30, 2016, the carrying value of Units 3-4, recognized within the group „Assets under construction”, is of 273,960,000 RON (December 31, 2015: 273,960,000 RON). Before 1991, the units 1, 2, 3, 4 and 5 have been considered a single project and, consequently, the construction costs have been allocated per unit. Subsequently, the company has allocated the construction costs for units 3 and 4 of the nuclear power plant.

The carrying amount of the heavy water related to units 3 and 4 is of 158,470.146 RON (December 31, 2015: 158,470,146 RON), representing approximately 75 tones. These elements are presented within the group „Assets under construction”.

The main investments made by the Company during the six months period ended on June 30, 2016 for the projects under construction related to Units 1 and 2 include:

- Improvement of thermal performance of U1-Magnetita steam generators amounting to 24,999,446 RON (2015: 6,890,479 RON);
- Replacement of Generex U1 excitation system amounting to 20,747,092 RON (2015: 65,317,657 RON).
- Filter system upstream of U1, U2 water chambers amounting to 3,930,922 RON (2015: 435,555);
- Improvement of live steam system amounting to 3,486,372 RON (2015: 0 RON);
- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 1,831,939 RON (2015: 6,508,356 RON).

The main investments commissioned during the 6-month period ended on June 30, 2016 relates mainly to: installation of Generex U1 excitation system amounting to 93,156,736 RON, upgrading of the wastewater water treatment amounting to 4,237,387 RON, data acquisition and processing system Candu Smart Tools amounting to 3,369,391 RON, on line liquid effluents monitor system installation and its unitary integration with the current system amounting to 1,467,688 RON.

On June 30, 2016, the carrying amount of the assets under construction related to Unit 3 and Unit 4 amounts to 504,907,277 RON (December 31, 2015: 512,234,889 RON). On June 30, 2016, the remaining difference up to 761,703,529 RON (December 31, 2015: 831,989,050 RON) represents the assets under construction related to Unit 1 and Unit 2, such as: D2O detritiation installation amounting to 63,230,074 RON, improvement of thermal performance of U1-Magnetita steam generators amounting to 31,826,925 RON, construction of facilities for storage

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and loading of the nuclear fuel used (DICA) amounting to 22,144,550 RON, refurbishment of power outlet transformers amounting to 10,539,706 RON.

On June 30, 2016, the Company purchased fixed assets on credit from suppliers, amounting to 33,037,582 RON (31 December 2015: 14,618,981 RON).

Decommissioning of nuclear units

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 for 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). In the 6-month period ended on June 30, 2016 the expenses with the contributions paid by the Company to ANDR amounts to 46,534,510 RON (6-month period ended on 30 June 2015: 44.576.865 RON).

Pledged assets

As at June 30, 2016, December 31, 2015 respectively, no asset belonging to the Company is pledged or mortgaged.

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5. INTANGIBLE ASSETS

	Licenses and acquired software	Software and other intangible assets for the nuclear power plant	TOTAL
Cost			
Balance as at 1 January 2015	57.564.304	163.655.760	221.220.064
Additions	2.317.592	5.945.053	8.262.645
Transfers	50.000	(50.000)	-
Disposals	(30.874)	(31.505)	(62.379)
Balance as at 31 December 2015	59.901.022	169.519.308	229.420.330
Balance as at 1 January 2016	59.901.022	169.519.308	229.420.330
Additions	837.995	3.880.631	4.718.626
Reclassification form property, plant and equipment	-	13.717.629	13.717.629
Balance as at 30 June 2016	60.739.017	187.117.568	247.856.585
Accumulated amortization			
Balance as at 1 January 2015	54.670.346	71.991.065	126.661.411
Amortization charges	4.756.730	18.081.359	22.838.089
Amortization of disposals	(30.874)	(31.067)	(61.941)
Balance as at 31 December 2015	59.396.202	90.041.357	149.437.559
Balance as at 1 January 2016	59.396.202	90.041.357	149.437.559
Amortization charges	1.014.756	9.942.760	10.957.516
Balance as at 30 June 2016	60.410.957	99.984.117	160.395.074
Carrying amount			
Balance as at 1 January 2015	2.893.958	91.664.695	94.558.653
Balance as at 31 December 2015	504.820	79.477.951	79.982.771
Balance as at 30 June 2016	328.060	87.133.451	87.461.511

The intangible assets representing mainly software for integrated management systems in amount of RON 23,865,149 as at June 30, 2016 (December 31, 2015: RON 26,262,901) were included in the category Software and other intangible assets for the nuclear power plant.

6. FINANCIAL INVESTMENTS

The financial investments are mainly represented by the investment in EnergoNuclear S.A. („EnergoNuclear”). As at June 30, 2016 and December 31, 2015, the company owns 100% from the share capital of EnergoNuclear SA. The value of the equity stake as at June 30, 2016 and December 31, 2015 is of 141.666.101 RON.

Continuity of the activity of EnergoNuclear

As at June 30, 2016, there are some uncertainties regarding Energonuclear’s capacity to continue its activity. The future operations of Energonuclear regarding the units 3 and 4 are depend on the successful concluding of the establishment of the new project company for continuing the project units 3 and 4 and the transfer of Energonuclear value in the new company according to the Strategy approved on July 31, 2014 by the Romanian Government and on August 22, 2014 by the Extraordinary General Meeting of Shareholders of the Company.

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The strategy stipulates the establishment of a joint venture in the sense of art. 50 of the Law no. 137/2002, between SNN and a private investor, selected, respectively a Project Company („Joint Venture” or „JV”) to which the investment made by SNN within Electronuclear should be transferred. JV represents the company preceding the IPP type company (independent power producers - IPP), founded with a 2-year duration which can be modified by mutual consent by the Parties, for reverification of project feasibility under the present conditions, asset valuation and making the investment final decision for moving on to the implementation phase of the Project, namely the IPP stage.

At the same time, the approved strategy for the continuation of the project aims to capitalize on the existing assets, having a considerable value, under the public patrimony – heavy water and uranium octoxide – and, respectively, in the company patrimony – land, buildings, equipment, etc. – and of Energonuclear, according to the law. The heavy water inventory and the first nuclear fuel charge will be assured from Romania by the Romanian state and, respectively, SNN, according to the strategy.

Upon the investors’ selection procedure, on September 9th 2014, the company China General Nuclear Power Corporation („CGN”) was designated as Selected Investor for the development of the Cernavoda NPP Units 3 and 4.

On July 27, 2015 the meeting of the Inter-ministries Committee for the Project of the Units 3 and 4 CNE Cernavoda took place. Following this meeting the MoU, document aimed at defining and agreeing on principles for negotiating the Investment Agreement, including its annexes, was endorsed in the form proposed by the Negotiation Committee and on September 2, 2015 it was approved by the Romanian Government.

The MoU on the development, construction, operation and decommissioning of units 3 and 4 of Cernavoda NPP was approved by the Extraordinary General Meeting of Shareholders on October 22, 2015.

On 9th of November 2015 the MoU was signed by the management of the parties involved in the project: SNN and CGN.

The Romanian Government issued on January 19, 2016 the Letter of Support for Project Units 3 and 4 of Cernavoda NPP.

May 8, 2016 in accordance with Article 11 paragraph (3) of the MoU concluded between the Company and CGN was the deadline for termination of the Investment Documents (ID) agreement.

CGN has notified the Romanian party on May 5, 2016 of the intention to continue the negotiations on the ID over an additional period of 4 (four) months.

On May 16, 2016 the Inter-ministries Committee for the project Cernavoda Units 3 and 4 approved the continuation of negotiations on ID for a period of 4 months, starting on May 9, 2016 with application of all provisions of the MoU.

Continuation of negotiations with CGN was approved by the Romanian Government on June 2, 2016.

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7. INVENTORIES

As at 30 June 2016 and 31 December 2015 the inventories are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Spare parts	139.400.425	140.662.839
Materials and other materials	57.614.910	46.920.353
Nuclear fuel	105.601.746	98.500.893
Uranium	15.035.423	28.328.866
Other inventories	3.088.064	8.809.996
TOTAL	320.740.568	323.222.947

8. TRADE AND OTHER RECEIVABLES

As at 30 June 2016 and 31 December 2015 the trade and other receivables are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Trade receivables	54.234.988	139.116.404
Trade receivables allowance	(12.847.775)	(12.848.554)
Other receivables	14.642.437	16.032.462
Other receivables allowance	(3.660.872)	(3.660.872)
Taxes and duties	40.586.345	24.859.741
Total	92.955.123	163.499.181

As at June 30, 2016, the main trade receivables in the balance are from: GEN-I d.o.o. – 15.998.904 RON (31 December 2015: 20.933.593 RON), Enel Energie Muntenia SA – 5.074.665 RON (31 December 2015: 14.796.226 RON), Electrica Furnizare SA – 4.691.385 RON (31 December 2015: 7.710.109 RON), Enel Energie SA – 4.175.763 RON (31 December 2015: 9.198.295 RON).

The sales made during the six month period as at June 30, 2016 to Electrica Furnizare SA represented approximately 21% (15%: 30 June 2015), to GEN-I d.o.o. 16% (16% : 30 June 2015) and to Enel Energie Muntenia SA 15% (7% : 30 June 2015) of the total electricity sales of the Company.

The Company's exposure to credit risk and the adjustments for impairment of trade receivables and other receivables are presented in Note 19.

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9. CASH AND CASH EQUIVALENTS

As at 30 June 2016 and 31 December 2015, cash and cash equivalents are as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Cash at bank in RON	175.213.712	255.426.980
Cash at bank in foreign currency	1.110.888	1.949.839
Total cash and cash equivalents	176.324.600	257.376.819

As at 30 June 2016 and 31 December 2015, the bank deposits are as follows:

Deposit	30 June 2016	31 December 2015
Currency	(reviewed)	(audited)
RON	1.141.140.510	1.101.767.678
CAD	35.000.965	-
USD	26.132.647	2.073.850
Total	1.202.274.123	1.103.841.528

As at 30 June 2016, the caption “Bank deposits” includes an amount of RON 22.048.963 (31 December 2015: RON 20,092,045) related to the bank letters of guarantee issued by different banks at the request of the Company in favor of third parties for which a cash guarantee was established, having, in general, a maturity up to one year; these letter of quarantees are related to the electricity sales of the Company.

10. EQUITY*Share capital*

The company was established through the separation from the former RENEL. The share capital represents the State contribution to the Company’s formation, at June 30th 1998 (restated with the inflation until December 31st 2003), plus subsequent increases.

As at June 30, 2016 and December 31, 2015 the share capital includes the effects of the restatements recorded in the previous years, according to the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”. The reconciliation of the share capital is as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Statutory share capital (nominal value)	3.015.138.510	3.015.138.510
Restatement related differences in accordance with IAS 29	195.502.743	195.502.743
Restated share capital balance	3.210.641.253	3.210.641.253

As at June 30, 2016 and December 31, 2015, the fully subscribed and paid share capital amounts to 3.015.138.510 RON, consisting of 301.513.851 ordinary shares with the nominal value of 10 RON.

The shareholders have the right to receive dividends, as they are declared at certain intervals of time and the right of one vote per share within the company General Meetings of the Shareholders.

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As at June 30, 2016 and December 31, 2015 the shareholders are as follows:

Shareholders	Number of shares	% of the share capital
Romanian State	248.736.619	82,4959%
Fondul Proprietatea SA	27.408.381	9,0903%
Other shareholders, individuals and legal entities	25.368.851	8,4138%
TOTAL	301.513.851	100%

Share Premium

In November 2013, the Company issued 28,100,395 ordinary shares on the Bucharest Stock Exchange through an initial public offering and through the exercise of the preemptive right 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 an issue share premium of RON 31,474,149.

Prepaid share reserves

The prepaid share reserves amount to 21.553.537 RON as at June 30, 2016 and December 31, 2015 and represent public utility objectives of Cernavoda NPP (5.439.321 RON as at June 30, 2016 and December 31, 2015), budgetary allocations for the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavodă (16,114,216 RON as at June 30, 2016 and December 31, 2015).

As at June 30, 2016 and December 31, 2015, the number of new shares that can be issued for the prepaid share reserves is zero.

Revaluation Reserves

As at June 30, 2016 the revaluation reserve amounts to 279,558,592 RON (December 31, 2015: 293,329,577 RON). Such amount is net of the deferred tax related to the reevaluation reserve.

The Company recognized an increase of the revaluation reserve amounting to 3.772.653 RON after the revaluation carried out on December 31, 2015 from which the deferred tax debt amounting to 603,624 RON was deducted.

Retained Earnings

The retained earnings represent the accumulated earnings of the Company. The retained earnings are distributed based on the financial statements prepared in accordance with the Order of the Minister of Public Finance no. 1286/2012 with subsequent amendments, applicable to companies whose securities are admitted to trading on a regulated market.

During the 6-month period as at 30 June 2016, the Company declared dividends amounting to 99.499.571 RON (30 June 2015: 90.366.312 RON). The gross dividends unpaid as at 30 June 2016 amounts to 1.118.224 RON (30 June 2016: 2.555.690 RON).

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11. BORROWINGS

Reimbursements of borrowings during the 6-month period as at June 30, 2016 were as follows:

	Curren cy	Interest Rate	Carrying amount	Year of maturit y
Balance as at 1 January 2016 (audited)			1.525.830.626	
New issues				
Repayments, out of which:			(105.533.298)	
Societe Generale - ALSTOM BC	EUR	EURIBOR 6M + 0,450%	(2.404.776)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR 6M + 0,450%/0,7%	(17.343.633)	2022
Societe Generale - AECL BC	CAD	CDOR 6M + 0,375%	(33.867.939)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR 6M + 0,450%	(3.020.838)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0,070%	(6.125.312)	2017
EURATOM	EUR	EURIBOR 6M + 0,08%	(42.770.800)	2022
Exchange rate differences			19.906.074	
Balance as at 30 June 2016 (reviewed)			1.440.203.402	

As at 30 June 2016 and 31 December 2015, the long term borrowings from credit institutions were as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Societe Generale - ALSTOM BC	4.819.681	7.235.117
Societe Generale - ANSALDO BC	208.561.845	226.116.915
Societe Generale - AECL BC	411.594.455	424.118.469
Societe Generale - NEXANS BC	6.054.398	9.088.628
Societe Generale - GENERAL ELECTRIC	17.998.023	24.501.247
EURATOM	791.175.000	834.770.250
Total long-term borrowings	1.440.203.402	1.525.830.626
Less: Current portion of long-term borrowings	(221.625.245)	(209.134.834)
Less: Balance of commitment and insurance fees (long term)	(33.175.540)	(37.089.738)
Total long-term borrowings net of the current portion	1.185.402.617	1.279.606.054

As at June 30, 2016, the financial indicators related to the loan granted by EURATOM were fulfilled.

As at 30 June 2016 and 31 December 2015, the short-term borrowings are as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Current portion of long-term borrowings	221.625.245	209.134.834
Interests related to the long-term borrowings	623.377	741.866
Commitment and insurance fees on short term	(7.828.396)	(7.828.396)
Total short-term borrowings	214.420.226	202.048.304

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12. TRADE AND OTHER RECEIVABLES

As at June 30, 2016 and December 31, 2015, trade and other receivables are as follows:

	30 June 2016 (reviewed)	31 December 2015 (audited)
Property, plant and equipment suppliers	33.037.582	14.618.981
Trade suppliers	118.555.425	118.293.915
Payables to employees	8.113.103	14.488.236
Payables to the State	39.698.717	22.770.187
Dividends	1.118.224	281.269
Other payables	29.188.777	26.829.218
Total	229.711.828	197.281.806

As at June 30, 2016, the main suppliers in balance are: General Electric Wilmington - Romania Branch – 32.645.478 RON (31 December 2015: 31.952.511 RON), BWXT Canada LTD – 15.837.769 RON (31 December 2015: 6.509.804 RON), Cameco Fuel Manufacturing- 15.187.847 RON (31 December 2015: 0 RON), ELCOMEX I.E.A SA – 12.792.147 RON (31 December 2015: 7.024.436 RON).

13. INCOME TAX

The income tax recognized in the profit and loss account is as follows:

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Current tax expense	(19.902.229)	(7.611.875)	1.949.698	11.590.902
Deferred tax release	(1.843.490)	(1.764.524)	(4.279.954)	(4.124.311)
Total	(21.745.719)	(9.376.399)	(2.330.256)	7.466.591

The Company has paid for the first quarter an income tax higher than the one resulted for the entire six month period ended on 30 June 2016 due to the profit recognized for the first quarter. Thus, as at 30 June 2016, the income tax receivable is RON 19,902,229 (RON 8,611,875 as at 30 June 2015).

14. SALES OF ELECTRICITY*(i) Revenues from electricity sales*

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Sales of electricity on regulated market	44.947.170	77.419.822	141.012.498	170.293.560
Sales of electricity on free market	232.200.209	273.782.645	581.576.394	620.141.824
Sales of thermal energy	180.462	292.105	1.166.634	1.345.454
Revenues from green certificates sales	4.164	5.183	8.795	11.854
Total	277.332.005	351.499.755	723.764.321	791.792.692

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(i) Quantity of sold energy

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Quantity of energy sold on regulated market (MWh)	276.296	488.043	866.471	1.073.470
Quantity of energy sold on free market (MWh)	1.733.552	1.898.378	3.945.943	4.106.388
Total	2.009.848	2.386.421	4.812.414	5.179.858

The company participates on the balancing market, being a responsible party with the balancing, according to the agreements concluded with the transport and system operator, Transelectrica SA. The quantity of sold energy presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, in amount of 13,292 MWh for the 6-month period ended on June 30, 2016 (25,132 MWh in the 6-month period ended on June 30, 2015).

The company produces thermal energy by operating the energy capacities related to the electric and thermal energy production units, consisting of two heat exchangers with a total thermal power of 40 Gcal/h and 46,51 MW. The company delivers thermal energy to the local thermal energy distribution company, SC Utilitati Publice SA Cernavoda, as well as of some end consumers from Cernavoda municipality – economic agents, social-cultural institutions. In the first quarter of 2016 the sales of thermal energy amounts to 1,166,634 RON (June 30, 2015: 1,345,454 RON).

According to the Electric power law no. 123/2012, the energy sector is regulated by the Regulatory Authority for Energy (ANRE), autonomous public institution. ANRE establishes the tariffs that are going to be used by the Company for selling electricity on the regulated market, as well as the related quantities.

15. OTHER OPERATING EXPENSES

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Third party services	16.357.781	11.656.051	28.047.615	43.284.209
Expenses with ANDR	22.106.797	20.338.913	46.534.510	44.576.865
Energy and water	15.897.641	17.362.843	35.579.930	37.041.115
Fuels, lubricants and other consumables	13.364.355	10.702.173	21.537.463	19.563.627
Insurance	3.428.518	2.285.807	6.972.223	5.647.669
Transport and telecommunication	1.629.041	1.539.772	3.128.713	2.824.559
Tax on special constructions	-	-	983.238	61.567.609
Tax on buildings	-	-	41.306.758	-
Other operating expenses	6.085.816	5.546.921	14.810.780	19.742.400
Total	78.869.949	69.432.480	198.901.230	234.248.053

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“Other operating expenses” consist mainly of other taxes, tax on land 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 generated and delivered in the system.
- Contribution for the permanent storage of radioactive waste of 1.4 EUR/MWh of electricity produced and generated and delivered 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 takes responsibility for managing the entire decommissioning process at the end of the useful life of the nuclear plants and the storage of resulting waste.

Starting with the year 2016, the new Tax Code (Law 227/2015) does no longer except NPPs from the definition of a building. Thus, in 2015, under the Tax Code applicable at the time (Law 571/2003 with subsequent amendments) the Company owed a tax on special construction for the two nuclear power plants amounting to 1% of the buildings value recorded in the balance as at 31 December the previous year.

Starting with the year 2016, as the exception from the definition of a building is no longer applicable to a nuclear power plant, there is an obligation for the Company to pay the tax on non-residential buildings belonging to legal entities for the two nuclear power plants to the City Council in Cernavodă.

For 2016, the Cernavodă City Council established the tax rate for non-residential buildings owned by legal entities, such tax amounting to 0.5% of the taxable value.

The tax for special constructions owed by the Company for the 6-month period ended as at June 30, 2016 amounts to 983.238 RON (June 30, 2015: 61.567.609 RON). As at June 30, 2016 the tax on buildings amounts to 41.306.758 RON (June 30, 2015: 4.976.060 RON, value included under “Other operating expenses” as at June 30, 2015). According to IFRIC 21, the Company has integrally recognized this liability and the related expenses in the first quarter of 2016 and 2015 respectively.

16. FINANCIAL INCOMES AND EXPENSES

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Interest income	4.098.124	5.159.040	8.431.112	10.723.233
Foreign exchange gains	12.053.964	14.358.565	40.126.752	50.421.067
Dividend income	11.566	730.444	11.566	730.444
Total financial incomes	16.163.654	20.248.049	48.569.430	61.874.744
Foreign exchange losses	(36.077.456)	(27.901.950)	(54.350.552)	(56.228.782)
Interest expense	(3.870.821)	(5.104.325)	(7.703.828)	(10.349.310)
Total financial expenses	(39.948.277)	(33.006.275)	(62.054.380)	(66.578.092)
Net financial (expenses)	(23.784.623)	(12.758.226)	(13.484.950)	(4.703.348)

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In June 2016, Energonuclear has distributed dividends in amount of RON 11,566 related to the financial year 2015 (30 June 2015: RON 730,444), that the Company collected in July 2016.

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

The Company operates in an economic environment dominated by companies owned or controlled by the Romanian State through its government authorities and agencies, generally called state-owned companies.

The Company had significant transactions with other companies owned or controlled by the state, including: electricity sales (OPCOM, Electrica Furnizare), purchases of electricity transmission and balancing services (CN Transelectrica SA) and purchases of uranium (Compania Nationala a Uraniului).

The significant transactions performed with the related parties of the Company in the six month period ended on 30 June 2016 and respectively 30 June 2015 as well as the balances as at 30 June 2016 and 31 December 2015 consist of the following:

	Sales for the 6-month period ended on		Receivables as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
OPCOM	195.887.363	121.402.604	161.678	317.104
Electrica Furnizare	147.763.226	4.067.952	4.691.385	19.681.915
Utilitati publice Cernavoda	981.435	1.128.338	242.463	586.806
Transelectrica	322.855	369.724	59.669	161.931
CNCAN	-	-	4.500.000	-
Total	344.954.879	126.968.668	9.655.194	28.572.820

	Purchases for the 6-month period ended on		Payables as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
ANDR	46.534.510	44.576.865	7.389.755	9.872.194
Apele Romane Bucuresti	27.557.565	28.478.301	9.300.756	12.255.673
Transelectrica	23.576.911	65.942.018	5.081.642	5.561.700
Administratia Bazinala de Apa Dobrogea-Litoral	4.912.887	5.291.919	1.187.250	3.095.244
CNCAN	4.500.000	4.500.000	-	-
Compania Nationala a Uraniului	3.846.499	47.861.697	2.631.723	2.258.854
OPCOM	307.723	6.307.154	53.056	103.976
Electrica Furnizare	82.966	64.603	10.766	10.378
ICSI Rm. Valcea	8.216	4.667.430	-	536.531
Total	111.327.276	207.689.987	25.654.948	33.694.550

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ii) *Compensation to senior management personnel*

The Company management is made of:

- members of the Board of Directors who have mandate contracts concluded with the Company;
- managers of the Company with contracts of mandate;
- other managers within the Company which have individual employment contracts concluded, as provided in the collective labour contracts, as applicable.

The members of the Board of Directors have contracts of administration (mandate) concluded with the Company, their remuneration being approved by the General Meeting of Shareholders. The managers with contracts of mandate are remunerated based on the contractual provisions within the general limits approved by AGA.

	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Short-term benefits	2.566.042	2.458.461
	2.566.042	2.458.461

18. EARNINGS PER SHARE

Asa at 30 June 2016 and 30 June 2015 the earnings per share were as follows:

(i) *Basic Earnings per Share*

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Net (loss)/profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168
Number of the ordinary shares at the beginning of the period	301.513.851	301.221.041	301.513.851	281.782.756
Number of ordinary shares issued during the period (refer to Note 10)	-	-	-	19.438.285
Weighted-average number of ordinary shares at the end of the period	301.513.851	301.221.041	301.513.851	294.741.613
Basic earnings per share (RON/share)	(0,35)	(0,11)	(0,13)	0,01

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(ii) Diluted Earnings per Share

	3-month period ended on 30 June 2016 (reviewed)	3-month period ended on 30 June 2015 (reviewed)	6-month period ended on 30 June 2016 (reviewed)	6-month period ended on 30 June 2015 (reviewed)
Net (loss)/profit for the period	(104.700.320)	(32.533.168)	(37.838.855)	2.902.168
Number of the ordinary shares at the beginning of the period (a)	301.513.851	301.221.041	301.513.851	281.782.756
Number of ordinary shares issued during the period (refer to Note 9)	-	-	-	19.438.285
Weighted-average number of ordinary shares at the end of the period (a)	301.513.851	301.221.041	301.513.851	294.741.613
Number of shares corresponding to the prepaid share reserve (b) (refer to Note 10)	-	297.800	-	297.800
Weighted-average number of ordinary shares (diluted) on June 30, (a) + (b)	301.513.851	301.518.841	301.513.851	295.039.413
Diluted earnings per share (RON/share)	(0,35)	(0,11)	(0,13)	0,01

19. FINANCIAL RISK MANAGEMENT**a. Financial Risk Factors***Credit Risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Company's trade receivables 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 sale of electricity is performed to customers on the regulated market and respectively on the competitive market, based on the framework established by ANRE and the rules of OPCOM market. The carrying amount of accounts receivable, net of allowance, represents the maximum amount exposed to credit risk.

As at 30 June 2016, the Company has significant concentration of credit risk, considering that approximately 62% (June 30, 2015: 38%) of the trade receivables are from Electrica Furnizare SA, GEN-I d.o.o. and Enel Energie Muntenia SA (see the Note 8).

The cash and deposits are placed in different financial institutions (banks), aiming the reduction of the counterparty risk, by the limitation of the exposure to a single financial institution.

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

	Carrying amount	
	30 June 2016	31 December 2015
Financial assets		
Net trade receivables	41.387.213	126.267.850
Cash and cash equivalents	176.324.600	257.376.819
Bank deposits	1.202.274.123	1.103.841.528
Other receivables	51.567.910	37.231.331
	1.471.553.846	1.524.717.528

The ageing of trade receivables at the reporting date is:

	Gross value 30 June 2016	Impairment 30 June 2016	Gross value 31 December 2015	Impairment 31 December 2015
Not past due	36.946.765	(992)	125.837.335	-
Past due 1 – 30 days	4.203.415	(247)	370.601	(439)
Past due 31 – 90 days	197.215	(218)	5.041	(384)
Past due 91 – 180 days	41.958	(683)	16.828	(397)
Past due 181 – 270 days	251	(251)	39.324	(723)
Past due 271 – 365 days	758	(758)	1.450	(785)
Past due more than one year	12.844.626	(12.844.626)	12.845.825	(12.845.825)
Total	54.234.988	(12.847.775)	139.116.404	(12.848.554)

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

	30 June 2016	31 December 2015
Balance as at 1 January	(12.848.554)	(14.132.449)
Reversal of allowance for impairment, net	779	1.283.895
Balance as at the end of period	(12.847.775)	(12.848.554)

The ageing of other receivables at reporting date is:

	Gross value 30 June 2016	Impairment 30 June 2016	Gross value 31 December 2015	Impairment 31 December 2015
Not pas due	23.651.673	-	35.807.848	-
Past due 1-30 days	5.772.237	-	900	-
Past due 31-90 days	22.013.948	-	112.081	(111.751)
Past due 91-180 days	-	-	243.029	(226.869)
Past due 181-270 days	111.751	(111.751)	40.000	(40.000)
Past due 271-365 days	-	-	-	-
Past due more than one year	3.679.173	(3.549.121)	4.688.345	(3.282.253)
Total	55.228.782	(3.660.872)	40.892.203	(3.660.872)

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b. Carrying amount versus fair value

The fair value is the amount on which the financial instrument may change during the ordinary transactions performed under objective conditions between interested parties and knowledgeable, other than those determined by the liquidation or forced sale. The fair values are obtained from the quoted market prices or the cash flow models, as appropriate. As at 30 June 2016 and 31 December 2015, the management considers that the fair values of the cash and cash equivalents, trade receivables and other receivables, trade payables, as well as other short term debts, approximate their carrying amount.

Given the sector where the company performs its activity, in conjunction with the specific character of the investments covered by the financing and guarantees structure which include a government guarantee, as well as due to the variable character of the interest rate, the Company's management considers that the fair value of the loans is approximately equal to the their carrying value. The carrying value of the loans is the amortized cost. Based on these considerations, the loans were classified as Level 2.

	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Financial assets			
Net trade receivables	41.387.213	41.387.213	2
Cash and cash equivalents	176.324.600	176.324.600	2
Bank deposits	1.202.274.123	1.202.274.123	2
Other net receivables	51.567.910	51.567.910	2
	1.471.553.846	1.471.553.846	
	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Financial assets			
Net trade receivables	126.267.850	126.267.850	2
Cash and cash equivalents	257.376.819	257.376.819	2
Bank deposits	1.103.841.528	1.103.841.528	2
Other net receivables	37.231.331	37.231.331	2
	1.524.717.528	1.524.717.528	
	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Long-term financial liabilities			
Long-term financial borrowings	1.185.402.617	1.185.402.617	2
	1.185.402.617	1.185.402.617	
Short-term financial liabilities			
Trade Payables, including Suppliers of PP&E	151.593.007	151.593.007	2
Borrowings, short-term portion of the long-term borrowings	214.420.226	214.420.226	2
Employee benefits and other payables	78.118.821	78.118.821	2
	444.132.054	444.132.054	

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	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Long-term financial liabilities			
Long-term financial borrowings	1.279.606.054	1.279.606.054	2
	1.279.606.054	1.279.606.054	
Short-term financial liabilities			
Trade Payables, including Suppliers of PP&E	132.912.896	132.912.896	2
Borrowings, short-term portion of the long-term borrowings	202.048.304	202.048.304	2
Employee benefits and other payables	64.368.910	64.368.910	2
	399.330.110	399.330.110	

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

During the six month period ended 30 June 2016, the Company was involved in a number of litigations arising in 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.

Taxes and duties. Income tax for non-residents

At the request of the Court of Auditors, the Company underwent a partial tax inspection on income tax for non-residents for the period 2012-2014. The tax audit was conducted by the National Agency for Fiscal Administration, the General Directorate for Large Taxpayers Administration (ANAF-DGAMC). Following the completion of the tax audit the fiscal inspection report no. F-MC 287/08.10.2015 was prepared and the tax decision no. F-MC 2261/08.10.2015 was issued. By the decision imposing tax payment, additional payment obligations were established in the total amount of RON 7,961,458, of which RON 5,797,714 additional tax relating to non-residents income, RON 1,450,145 delay penalties and RON 713,599 penalties for late payment. These amounts were paid in October, 2015.

The Company filed appeal against the tax audit report and the taxation imposing decision on 08.11.2015. On 08.02.2016, the competent body for settling appeals, namely the General Directorate for appeals settling within ANAF communicated to the Company the Decision no. 25/29.01.2016 ordering the appeal to be settled until the final settlement of the Company's action against the Court of Auditors subject to File no. 4970/2/2015 of the Court of Appeal. Against this decision to suspend the appeal settlement the Company filed legal action at the Court of Appeal of Bucharest (case no. 1367/2/2016), considering that the reasons for the suspension of appeal settlement are unfounded. The trial date given by the Court of Appeal in question is 14.09.2016.

The Company filed an appeal to the Court of Auditors against the report and conclusion of the Court of Auditors regarding the measures ordered in relation to income tax for non-residents. The appeal was rejected. Further, the Company submitted to the Court of Appeals of Bucharest, two actions against the Audit Report No. 4371/10.04.2005, Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015 issued by the Court of Auditors,

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one action aimed at suspending the implementation of the measures imposed on the income of non-residents (file no. 4970/2/2015) and the other aimed at the cancellation of these measures (file no. 4958/2/2015). On 07.10.2015 the suspension action in case no. 4970/2/2015 was admitted. In case no. 4958/2/2015, the Court allowed the appeal by the Company and cancelled the measure on the income of non-residents in the meeting that took place on March, 10 2016. Both solutions were appealed at the Court of Auditors and the files are currently at the High Court of Cassation and Justice, in filter proceeding.

Also, the Company filed for annulment of the additional payment obligations under EGO no.44/2015, application that was filed to the tax authorities on 18.12.2015. On 06.07.2016 a decision was issued to cancel the delay penalties, 54.2% of interest and a 77.1% share of the late penalties related to the main payment obligations outstanding on September 30, 2015, amounting a total of 1,592,910 RON.

Thus, the Company contests the fiscal approach applied to some services performed by non-residents during 2012-2014, which were deemed royalties due to an alleged transfer of know-how by public external auditors or by tax inspectors; this fiscal approach led to the establishment of additional payment obligations following the tax audit above-mentioned. The Company will use all legal remedies to contest the payment obligations.

In the opinion of the Company's management there are no current legal actions or claims which might have significant effects on the financial result and the financial position of the Company that has not been included in these financial statements.

(ii) Commitments

As at 30 June 2016, the Company is committed to incur capital and operational expenditure of approximately RON 811 million.

21. SUBSEQUENT EVENTS*Project Units 3 and 4 CNE Cernavoda*

On July 18, 2016 the Extraordinary General Meeting of Shareholders approved the continuation of the negotiations on the Investment Documents under the same conditions as provided by the MoU for the development, construction, operation and decommissioning of Cernavoda NPP Units 3 and 4 for a period of 4 months, starting with May 9th 2016, with the application of all the MoU provisions, including the possibility of each party to cease the MoU without any compensations by means of a simple written notification to the other Party, in case an agreement regarding the Investment Documents is not reached and to the extent to which the delay was not caused by the respective Party.

Date: August 10, 2016

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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