



HALF-YEAR REPORT
of the Board of Directors on the administration of
S.N. NUCLEARELECTRICA S.A.
For a period of 6 months related to the 1st semester of 2015

Prepared in accordance with the provisions of art. 7.19 and art. 7.21 from the administration contracts of the members of the Board of Directors and the provisions of Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies

Information and individual interim condensed financial statements presented in this report are reviewed and have been prepared in accordance with Ministry of Finance Order no. 1286/2012 based on International Accounting Standard 34 – *Interim Financial Reporting*

Date of report: August 2015

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1. FOREWORD

The half-year report of the administrators is prepared in compliance with Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies as subsequently amended and with the Administration Contracts concluded between the administrators and the Company.

2. ANALYSIS OF THE FINANCIAL STATEMENTS

The financial information presented in the current report are based on the condensed individual interim financial statements reviewed by an independent auditor for the period January 1, 2015 – June 30, 2015 (the first semester of 2015), prepared in accordance with OMFP 1286/2012 regarding the approval of the accounting regulations compliant with International Financial Reporting Standards, as subsequently amended, applicable to companies whose securities are traded on a regulated market, based on the International Accounting Standard 34 – “Interim Financial Reporting”.

The company applied in preparing these condensed individual interim financial statements IFRIC 21 Levies, effective for annual periods beginning on or after June 17, 2014 - IFRS-EU. The implementation of IFRIC 21 is made retroactive and applies to all levies imposed by governmental authorities under legislation other than disbursements subject to other standards (for example: IAS 12 Income Taxes), fines and other penalties for law’s infringements. Comparative amounts on June 30, 2014 have been changed in in order to comply with presentation changes implemented in the current year. The Company recognized fully the liability related to tax on special constructions, local taxes and related expense in the first quarter of 2015 and 2014 respectively.

The current report is accompanied by:

- The condensed individual interim reviewed financial statements as at and for the period of 6 months ended at 30.06.2015 (the appendixes include excerpts from these financial statements)
- The condensed consolidated interim reviewed financial statement as at and for the period of 6 months ended at 30.06.2015.

2.1. Statement of financial position as at 30.06.2015

The statement of financial position as at 30.06.2015 is presented in **Appendix 1**.

Thousands Lei	June 2015	December 2014	Variation
Non-current assets	7.843.033	8.025.828	-2%
Current assets	1.803.459	1.840.072	-2%
Total assets	9.646.492	9.865.900	-2%
Non-current liabilities	1.791.452	1.899.194	-6%
Current liabilities	453.179	478.452	-5%
Total liabilities	2.244.631	2.377.645	-6%
Shareholders equity	7.401.861	7.488.255	-1%
Total shareholders equity and liabilities	9.646.492	9.865.900	-2%

Non-current assets slightly decrease compared to the level recorded at 31.12.2014, mainly due to a lower net book value of intangible assets in the first half of 2015 compared to 31.12.2014. The impact of the depreciation period has not been compensated by additional investments, which were made primarily in projects in progress related to Units 1 and 2.

Current assets decreased by 2% compared to 31.12.2014, mainly due to the decrease by 36% of trade and other receivables, together with the increase in cash and cash equivalent by 3% and increase in inventories by 2%. The

decrease in receivables is due mainly to the reduction in value of other receivables, as a result of full collection of the rescheduled penalties of Hidroelectrica, according to the agreed rescheduling plan.

Cash and cash equivalents increased by 3% compared to the level as at 31.12.2014, based on the VAT reimbursements of RON 40,835k from January and February 2015, on the receivables collection during the period and dividends received for the year 2014 amounting RON 90,298k.

Non-current liabilities decreased by repayments of installments for the long term loans from SOCIETE GENERALE and EURATOM, for the completion and commissioning of Cernavoda NPP Unit 2.

As at 30 June 2015, the decrease in **current liabilities** is due, mainly, to the reduction of 7% of trade payables, while the balance for the fixed assets suppliers decrease with 71% compared to 31.12.2014.

According to EGMS Resolution no. 8 / 06.10.2014, the SNN share capital increase was approved with a cash contribution in the amount of RON 194,376,700 representing the cash contribution of the Romanian state, namely the budgetary allocations for the period 2006-2009 to complete Unit 2 and for financing the works at Cernavoda NPP Units 3-5, value presented in equity on 31.12.2014, under reserve for prepayments to the share capital.

Between 05.01.2015 - 04.02.2015 the other shareholders of the Company exercised their preference right, and on 06.02.2015, the Board of Directors of the Company acknowledged and approved the share capital increase with the value of RON 194,382,850. Therefore, at 30.06.2015, the reserve for prepayment to the share capital was reduced by the amount of subscribed and paid capital increase.

2.2. Profit and loss account for the period ended on 30.06.2015

For the period of 6 months ended 30 June 2015, the Company obtained a net profit of RON 2,902k.

Thousands RON	01 January- 30 June 2015	01 January – 30 June 2014	Variation
Production (GWh)	5.103	5.146	-1%
Operating income	858.391	853.940	1%
Operating expenses	(609.478)	(649.216)	-6%
EBITDA	248.913	204.724	22%
Depreciation and amortization	(233.841)	(222.459)	5%
EBIT	15.072	(17.735)	285%
Net finance income	(4.703)	42.713	-111%
Income tax expenses	(7.467)	(9.531)	-22%
Profit net	2.902	15.446	-81%

The operating profit (EBITDA) increased by 22% compared to the same period of the previous year, this evolution being the result of the following factors:

- The operating revenues increased slightly compared to January - June 2014 given that the total amount of electricity produced and delivered decreased slightly. On the regulated market, the quantity of energy sold in the first half of 2015 decreased by 41% compared to the first half of 2014, but this difference was reflected in a 22% increase in the amount of energy sold on the free market compared to the first semester of 2014. This change in structure of sales was not reflected in a significant increase in revenue because, while energy prices on the regulated market increased (by 9% compared to the first half of 2014), on the competitive market of bilateral contracts the prices decreased by 2% compared to the first semester of 2014.
- The positive trend in operating expenses, due to the reduction of special construction tax from 1.5% in 2014 to 1% in 2015 and a decrease of 35% in the spare parts expenses in comparison with the same period last year.

The depreciation expenses increased slowly (by 5% compared to first semester of 2014), as some investments under construction were put in function during the second semester of 2014 and first semester of 2015.

The Company is exposed to the currency risk for several currencies including EUR, CAD and USD. In the first half of 2014 the net exchange differences (foreign exchange gain less foreign exchange loss) had a positive impact over the net result of the entity. In the first semester of 2015, the net financial result negatively impacted the company's net result, as financial expenses increased by 84% compared to semester I 2014, and financial revenues decreased with 21% compared to semester I 2014.

The profit and loss account for the period of six months ended 30 June 2015 is presented in **Appendix 2**

2.3. Execution of the Budget of revenues and expenses as at 30.06.2015

The revenues and expenses budget ("BVC") of SNN for the year 2015 was approved by the Decision of the Romanian Government number 468/24.06.2015 and will be submitted for approval in the next General Meeting of Shareholders. The company is monitored regarding the compliance with the indicators, the performance objectives and criteria, respectively the compliance with budgeted salary fund, revenues and expenses, reduction of overdue liabilities and reduction of overdue receivables.

The execution of the BCV for the period ended 30.06.2015 is presented in **Appendix 3** to the current report.

From the analysis of the execution of the revenues and expenses budget at 30.06.2015 (Appendix 3), it results that operational revenues have a realization degree of 99.03% and operating expenses were under the budgeted level with 5.8%.

3. OPERATIONAL ACTIVITIES

3.1. Electricity production

In the first semester of 2015, the two units of Cernavoda NPP produced 5,556,484.4 MWh (gross), out of which 5,102,708.603 MWh were delivered to the National Power System; the difference of 454 thousand MWh represents the units' own consumption during operation. Compared to the first semester of 2014 when 5,145,691.24 MWh were generated and delivered to the National Power System, there was a drop of 0.8 %.

The electricity production programme approved by SNN Board of Directors for the year 2015, which provided for the first semester of 2015 the production and delivery of 5,011,237 MWh, was 101.83% achieved.

3.2. Electricity sales

The amounts of energy sold in the first semester of 2015 and the related revenues distributed by type of sale contracts are presented in the table below:

Electricity sales (quantities, prices and values) in the 1st semester of 2015

Sales on types	Quantities in MWh	% of total sales	Price (RON/MWh T _G included)	Value (RON)
Regulated contracts	1.073.470	20,62%	168,96	181.371.767
Sales on the free market (PZU and PI contracts) out of which:	4.106.388	78,89%	161,06	661.374.852
- sales on PCCB, PPCB- LE, PCCB-NC and supply contracts	3.230.429	62,06%	167,16	540.001.168
- sales on PZU and PI	875.959	16,83%	138,56	121.373.684
Positive PRE imbalances and balancing electricity	25.132	0,48%		357.149
Total sales for 1st half 2015	5.204.990	100%		843.103.768

For the electricity transactions made in first semester of 2015 the results are as follows:

- The quantity of electricity sold on the basis of regulated contracts, contracts concluded on the competitive market and on the balancing market is of 5,204,990 MWh, with 2% above the budgeted sales programme of 5,101,945 MWh.
- The income resulted from the electricity market for the deliveries in the first 6 months of 2015 is of RON 843,103,768 (0.09% below budgeted revenues from the BVC approved for 2015 split on quarters, and with 1.22% above actual sales of the same period of last year).

For the first semester of 2015, the weighted average sales price of the sold quantities (excluding balancing market) is of RON/MWh 162.70 (the price includes T_G). For the first semester of 2014, the weighted average sales price was of RON/MWh 160.58.

During March-June 2015, the prices on day-ahead market (PZU) were, on average, considerably below the sales prices practiced in the contracts concluded by SNN.

SNN realized its electricity sales, similar with the previous period, on the basis of regulated contracts, contracts concluded on the competitive market – assigned on bilateral contracts market (PCCB) signed before 2015, bilateral contracts with extended bid (PCCB-LE) and with continuous arbitration (PCCB-NC), and, additionally, a contract negotiated with C.N.T.E.E. Transelectrica S.A., and also on spot market (PZU – Day Ahead Market and PI – Intra Daily Market).

Out of the total actual production of Cernavoda NPP in the first semester 2015, 21.04% was delivered for the regulated contracts.

The quantity of electricity sold on competitive market (bilateral contracts) during semester I 2015 represented 62.06% out of the total quantity of energy sold. The average sales price on bilateral contracts in the first semester of 2015 was of RON/MWh 167.16, with 1.72% lower than the average price of RON/MWh 170.08 for the first semester of 2014.

During the first semester of 2015, SNN carried out 111 contracts for electricity sales, as follows:

- 6 regulated contracts (with addendums concluded for 2015);
- 81 contracts concluded on PCCB;
- 2 contracts concluded on PCCB-LE;
- 21 contracts concluded on PCCB-NC;
- 1 contract for delivery (with addendum concluded for 2015).

There was no dissolution/termination of contract during the first semester of 2015.

The quantity of electricity sold on the spot market during semester I 2015 represented 16.83% out the total volume of sales, compared with 16.7% recorded in semester I 2014. The average price of electricity on the spot market realized by SNN during this period was of RON/MWh 138.56, as to RON/MWh 142.44 realized in the same period last year.

No significant delays from the contractual due terms were reported during 2015.

3.3. Expenses on electricity market

In the first semester of 2015, the total estimated value of SNN's energy expenses is of RON 72,260,409.

This amount includes the fees for introducing the electricity in the transport system (T_G – regulated tariff payable to C.N.T.E.E. Transelectrica S.A.), the consideration for green certificates to be paid for the delivered energy

and the fees to be paid to OPCOM for the sale and purchase transactions performed in the first semester, in total amount of RON 53,036,757.

The quantity of electricity purchased on the spot market in the first semester of 2015, in order to ensure the contractual requirements regarding the delivery of electricity during the unplanned outages, was of 45,065 MWh, at an average price of RON/MWh 131.77.

The expenses with the balancing market for the first semester of 2015 were RON 13,285,451. This amount represents the electricity received from the balancing market for the compensation of negative imbalance, that have been caused by the differences between the quantity of electricity actually delivered and quantities notified on the market according to the contractual obligations for each hourly interval. The most significant impact was recorded during the months with unplanned outages of Unit 1 in Cernavoda NPP.

3.4. Investment programme for the first semester of 2015

The total value of the investment programme for the year 2015 is of RON 282,705k.

The structure of the SNN investment programme for 2015, approved within the Revenues and Expenses Budget of SNN for 2015, by the Government Decision no. 468/24.06.2015, is presented in the table below:

No . crt .	Organizational structure	Ongoing investments [thousands RON]	New investments [thousands RON]	Investment in current assets (modernizations) [thousands RON]	Equipment [thousand RON]	Total [thousand RON]	Completion degree as at 30.06.2015 (%)
1	SNN Executiv	13.419	21.658	-	818	35.895	1,9%
2	CNE Cernavoda	187.087	8.558	4.355	30.355	230.355	23,6%
3	FCN Pitesti	1.196	116	5.571	9.572	16.455	18,6%
	TOTAL	201.702	30.332	9.926	40.745	282.705	20,5%

The comparative situation of the achieved investments (values and percentages) for the year 2015 compared to year 2014, at the end of the first semester of 2015, is represented in the table below:

Year	Investment programme value [thousands RON]	Achieved during the 2 nd quarter (1.04-30.06.2015) [thousands RON]	Completion stage for 2 nd quarter (1.04-30.06.2015) (%)	Achieved during the 1 st semester (1.01-30.06.2015) [thousands RON]	Completion stage for 2 nd quarter (1.04-30.06.2015) (%)
2015	282.705	24.239	8,6%	58.077	20,5%
2014	296.737	40.898	13,8%	82.942	28,0%

Analysis of the completion level of the investment programme as at 30.06.2015

SNN Head Office

The completion stage at the level of SNN Head Office in the first semester is of 1.9% representing acquisition of accessories and fixtures.

Cernavoda NPP Branch

The investment programme of the Cernavoda NPP for the year 2015 amounts RON 230,355k. The completion stage of the investment programme at the end of the first semester of 2015 is of 23.6%.

The completion stage for the major investment objectives at the end of the first semester of 2015 is 17.8% as presented in the table below:

Project code	Project name/ Investment objective	2015		Completion stage (%)
		Planned BVC [thousands RON]	Achieved until 30.06.2015 [thousands RON]	
PJ-05-016	Interim storage facility for spent fuel (including SICA U2)	9.411	3.234	34,4%
PJ-04-001	Upgrading and expansion of the physical protection system	15.040	4.117	27,4%
PJ-11-006	Improvement of the Cernavoda NPP's response, namely the improvement of the nuclear safety functions in case of events outside the designed base as a consequence of the nuclear accident that occurred at the Fukushima 1 Nuclear Power Plant, Japan	44.795	4.973	11,0%
	Total	69.246	12.324	17,8%

The activities carried out in the first semester are the following ones:

- *Interim storage facility for spent fuel (including SICA U#2):* implementation of physical protection system related to the DICA module no 7 was completed, contracts were concluded for the design services for expansion of the Intermediary Storage of Spent Fuel and replacement of modules type MACSTOR 200 with the modules MACSTOR 400, starting with module no. 10.
- *Upgrading and extension of the physical protection system:* the priority 1 physical protection works were completed – stage 2 (preparation, approval, and authorization of the execution documentation, equipment procurement, installation and put in function).
- *Improvement of the Cernavoda NPP's response, namely the improvement of the nuclear safety functions in case of events outside the design base as a consequence of the nuclear accident that occurred at the Fukushima Nuclear Power Plant:* completion of the services for safety analysis for updating EPSN Level 1 and EPSN Level 3, implementation of FKD OP2015 objectives at U2 (environmental qualification works of the existing loops for measuring the critical security parameters (CSP) and expansion of measuring range).

FCN Pitesti Branch

The FCN Pitesti Branch investment programme for 2015 amounts to RON 16,455k.

The investments achievement stage of FCN Pitesti Branch as at 30 June 2015 was 18.6%. At the end of May 2015 the following investment works were completed:

- Restoration of platform for vehicles and access roads in FCN;
- Ventilation system for electric carts - design and execution;
- Rehabilitation of work spaces, offices, laboratories and bathrooms.

In the first semester of 2015 the construction authorization was obtained and the works at the investment objective "Exhaust systems for smoke and hot gases at: FCN Archive, Central store for nuclear fuel, Zy-4 warehouse, Fresh nuclear fuel warehouse" were initiated.

3.5. The activity of Cernavoda NPP Branch

The operation of Cernavoda NPP was performed without events with impact on nuclear safety, own personnel, population or environment. The relationship with the regulatory authorities respected the requirements and authorization conditions.

In the first semester of 2015, no operation event exceeding level 1 on the international scale of nuclear events (INES) was recorded, related to the degradation of the in depth barriers, with impact on site or off site (indicator 1).

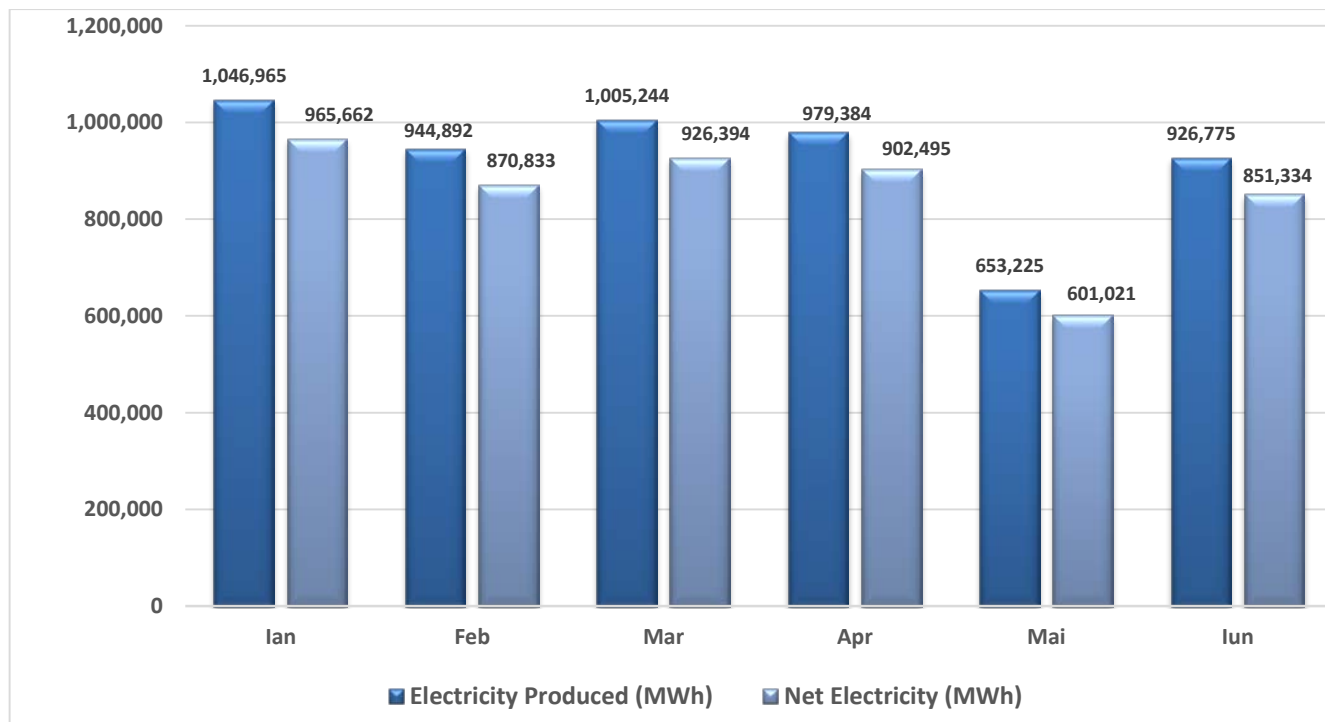
On March 27, 2015 an unplanned shutdown occurred at Unit 1, in a controlled manner, having a duration of 49 hours (2.04 days), for performing some repairs over the deficiencies reported at an auxiliary system corresponding to the classic part of the power plant. The synchronization to the national power grid took place on March 29, 2015.

On May 9, 2015, Unit 2 entered planned shutdown. The duration of the shutdown was of 24.8 days, the reconnection of Unit 2 to the national power grid taking place on June 2, 2015. Under these conditions, the initial duration of the planned shutdown of 30 days was respected.

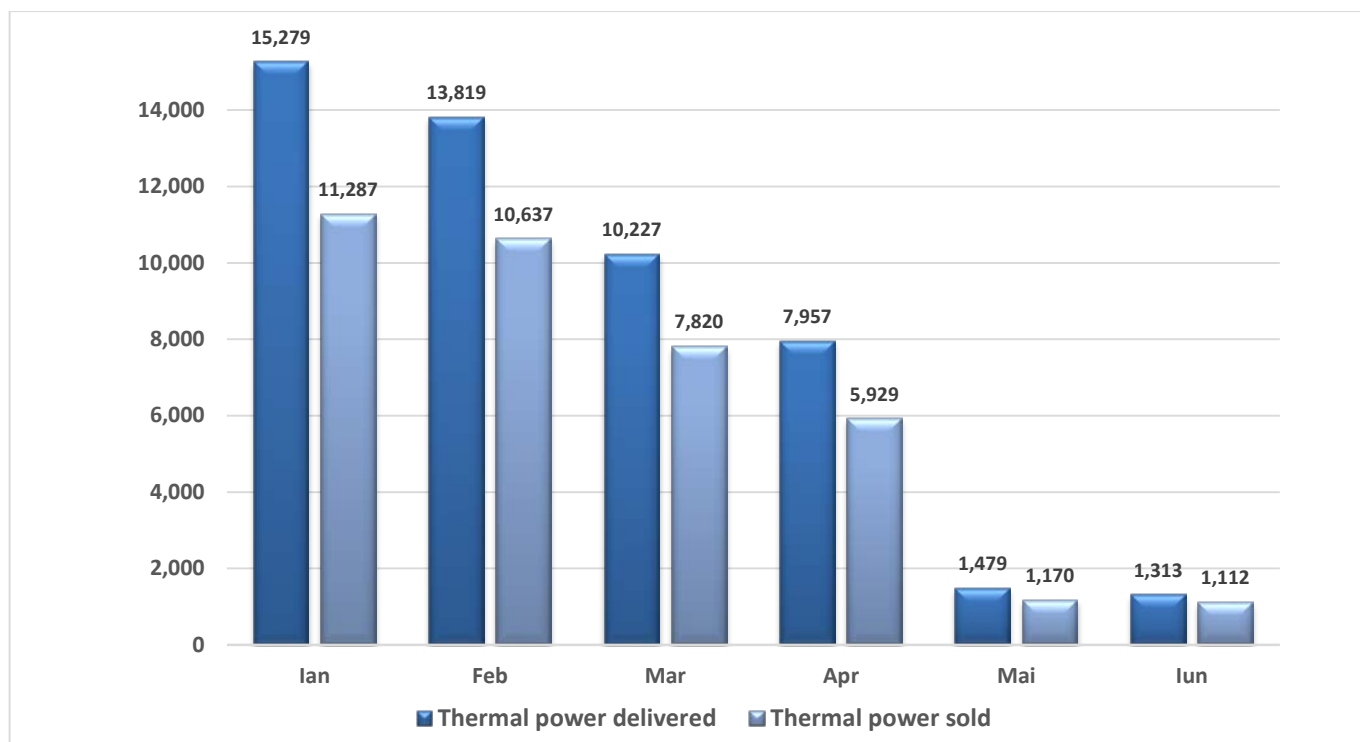
On April 6, 2015 an unplanned shutdown occurred at Unit 1, in a controlled manner, in order to perform some remediation works to an auxiliary system related to the classic part of the power plant. The synchronization to the national power grid took place on April 8, 2015.

On June 10, 2015 an unplanned shutdown occurred at Unit 1, in a controlled manner, lasting 55.3 hours, for performing some corrective maintenance works to the evacuation way for the electric power by maintaining the reactor powered. The synchronization to the national power grid took place on June 12, 2015.

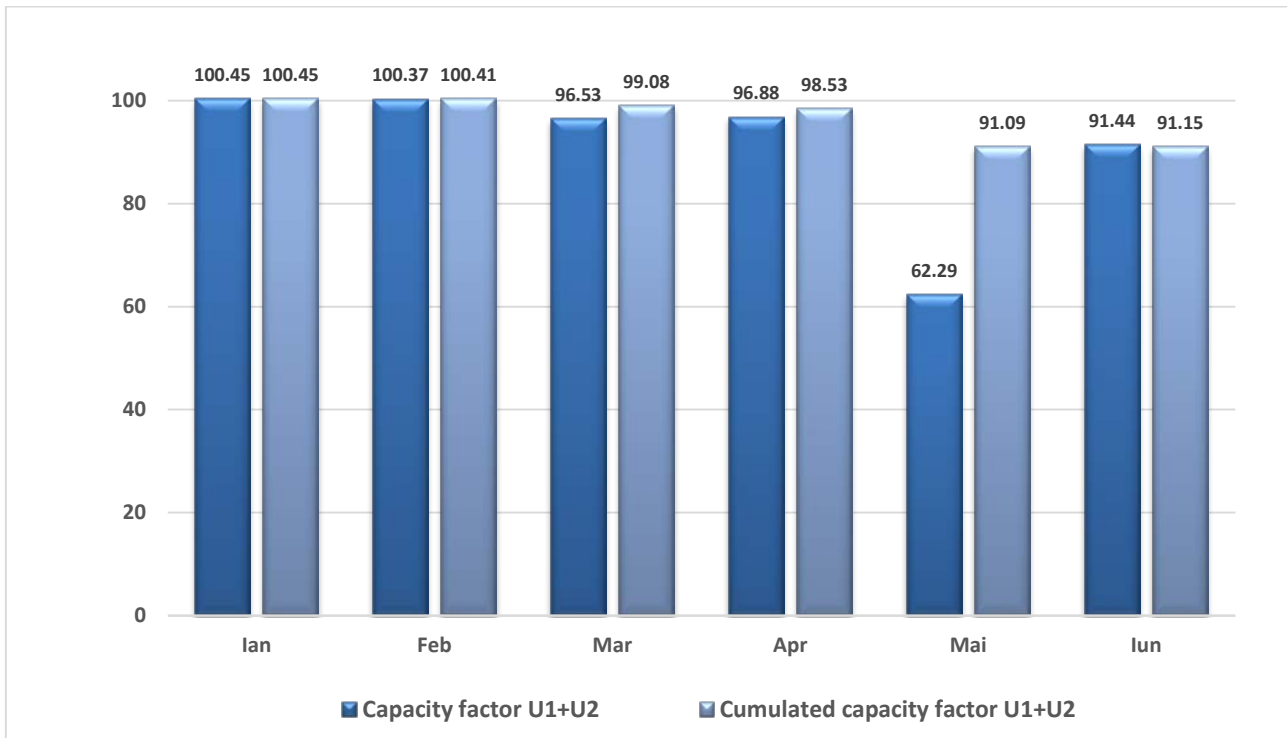
Electricity produced/ net U1 + U2 (MWh)
(Electricity produced: 5.556.484 MWh/ Net electricity: 5.117.739 MWh)
(2015 cumulated own technological consumption: 7.89%)



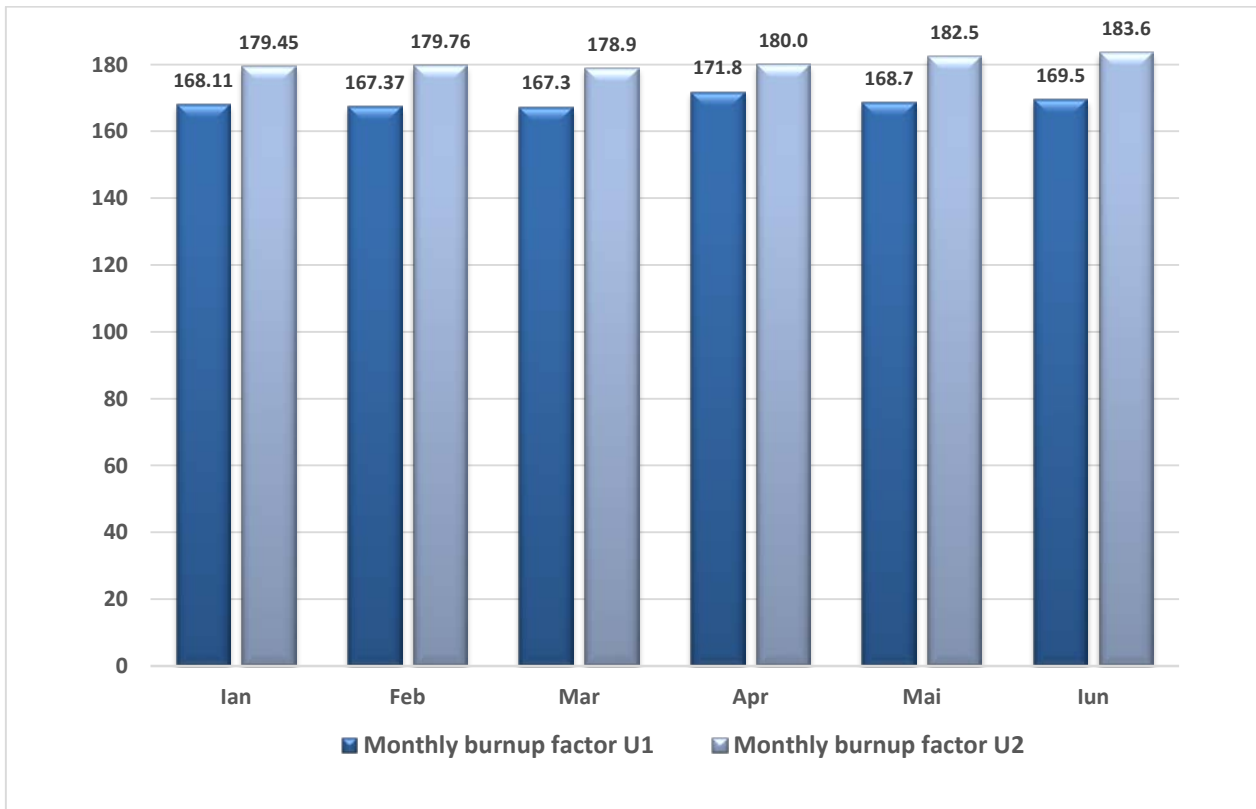
Thermal energy delivered to the district heating system/sold (Gcal)
(Delivered thermal energy: 50.073 Gcal/Sold thermal energy: 37.954 Gcal)



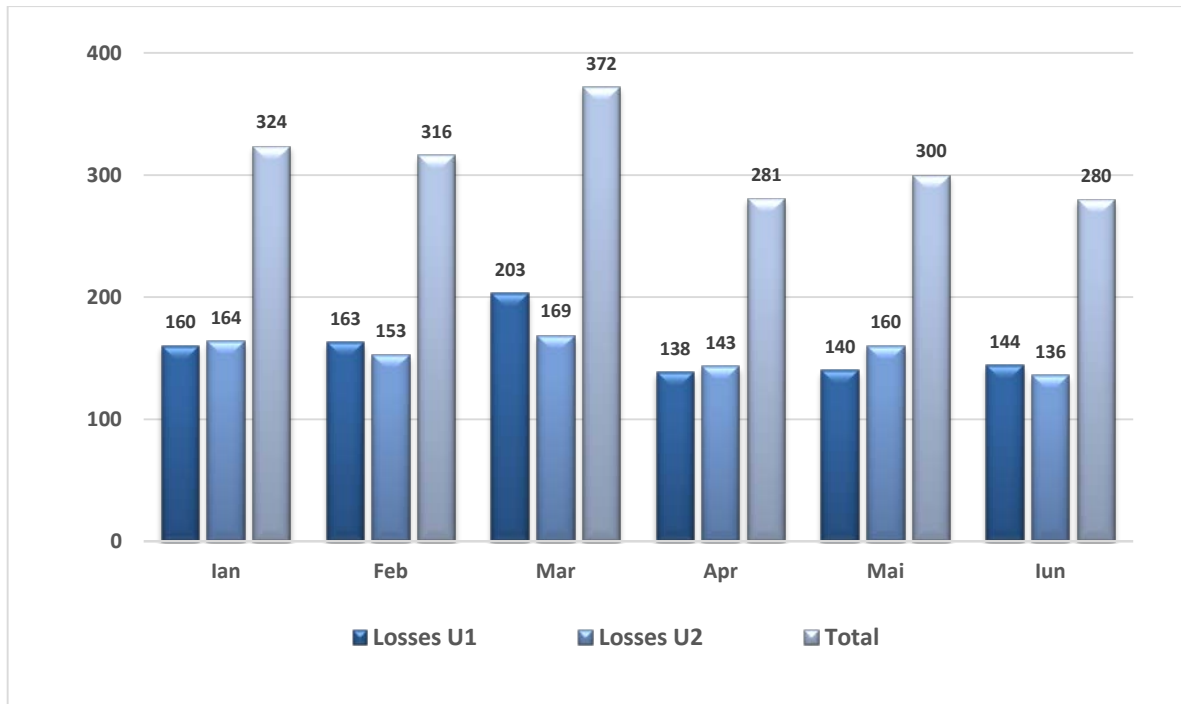
Capacity factor U1 + U2 (%)
(Cumulated 2015: 91.15%)



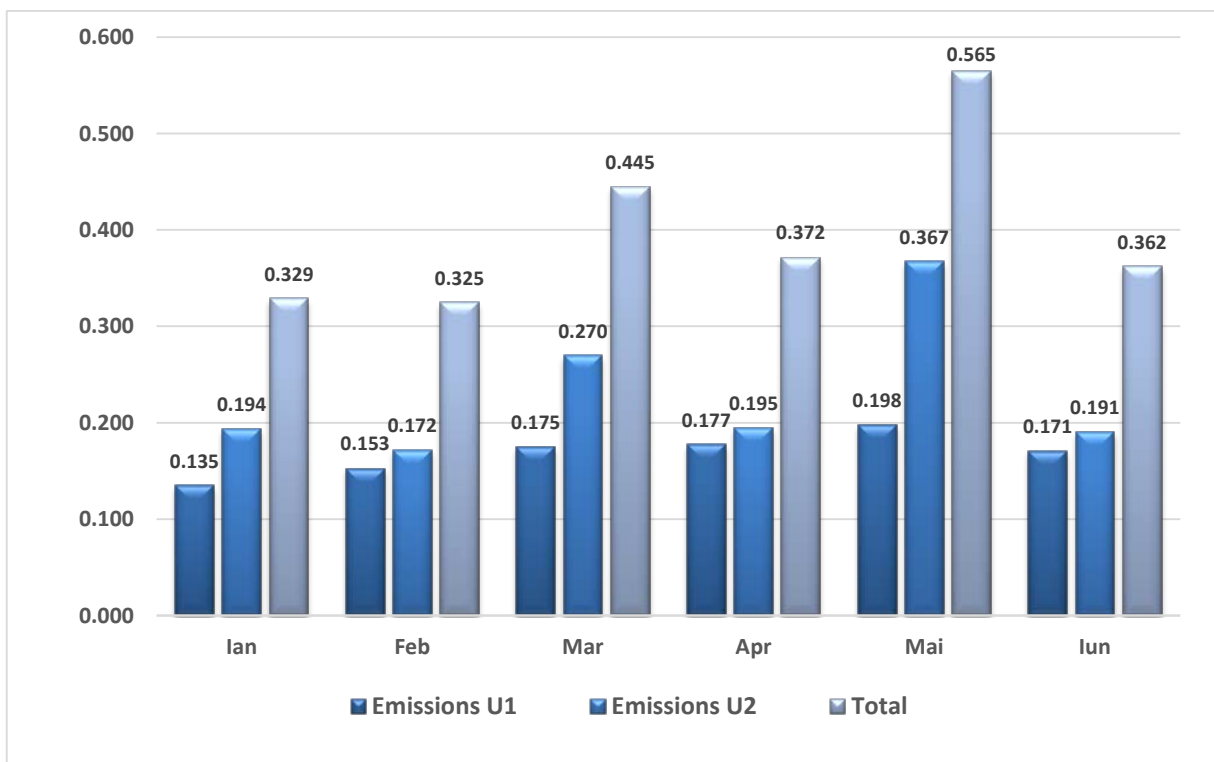
Nuclear fuel burnup factor (MWh/KgU)
(Cumulated 2015: 174.63 /Project provided: 156.00)



Heavy water losses U1+U2 (KG)
 (Cumulated in the first semester of 2015: 1873 / Estimated for 2015: 6800)



U1 + U2 radioactive emissions to the environment (µSv)
 (Total 2015: 2.399/ Annual limit: 13.00)



3.6. The activity of FCN Pitesti Branch

During the first semester of 2015, FCN Pitesti produced 6,077 nuclear fuel bundles, as per the production plan. Thus, in the first quarter of 2015, a total of 3,600 nuclear fuel bundles were controlled and accepted and in the second quarter of 2015, a number of 2,477 nuclear fuel bundles were controlled and accepted, complying with all the specifications.

During January – June 2015, FCN Pitesti delivered an amount of 5,040 nuclear fuel bundles to Cernavoda NPP, respecting the agreed delivery schedule: 2,160 nuclear fuel bundles were delivered in the first quarter and respectively, 2,880 nuclear fuel bundles were delivered in the second quarter of 2015.

The current price of sintered uranium UO₂ powder amounts to 475 lei/kg, valid for the entire year 2015.

4. OTHER SIGNIFICANT ASPECTS

4.1. Increase in the company Share Capital

By the Resolution of the Extraordinary General Meeting of Shareholders no. 8 / 06.10.2014, the Company's share capital increase with cash contribution was approved, by the issuance of new, nominative, dematerialized shares, at a price of RON/share 10, equal to the nominal value (excluding the share premium). The sale of shares took place between January 05th 2015 – February 04th 2015, according to the Prospectus approved by the Board of Directors of the Company by resolution no. 174 / December 02nd 2014 and the Financial Supervisory Authority (“ASF”) by Resolution no. 2246 December 23rd 2014.

On February 06th 2015, the Board of Directors of the Company acknowledged and approved: a total number of 19,438,285 shares with a value of RON 194,382,850 was underwritten, out of which 19,437,670 shares with a nominal value of 194,376,700 RON, subscribed by the majority shareholder - the Ministry of Energy, Small and Medium sized Enterprises and the Business Environment and 615 shares with a nominal value of 6,150 RON underwritten in the exercise of preference right by the other shareholders of the Company, holding the quality of shareholder on the Registration Date (October 22nd 2014), in order to maintain the quota of participation to the share capital. The amount of the share capital resulting from this operation is 3,012,210,410 RON, fully subscribed and paid.

On May 5, 2015 the Trade Registry Certificate of Recorded Amendments was issued containing information about: the share capital, number of shares and changes in the data of the associates and the list of associates - individuals or companies. By Resolution no. 415 / March 11th 2015, the ASF blocked, as a precautionary measure, for a period of two weeks only, the transfer of the package containing 19,438,285 shares issued following the share capital increase of SNN based on the Resolution given by the Extraordinary General Meeting of Shareholders on October 16th 2014.

4.2. Cernavoda NPP Units 3 and 4 Projects

In January and February 2015 meetings were held by the Negotiation Commission to reach a common position of negotiation of the authorities/ institutions involved on China General Nuclear Corporation (CGN) proposals to modify the Memorandum of Understanding (“MoU”).

In early March 2015 the Interministerial Board approved the position document proposed by the Negotiating Board and after this date, negotiations were completed on the MoU which will be submitted for approval of the Interministerial Board, and respectively to the General Meeting of SNN Shareholders. After signing the MoU,

negotiations will start for the Investment Agreement and the Articles of Incorporation of the new project company.

4.3. Litigations with the shareholder- Fondul Proprietatea S.A.

Fondul Proprietatea S.A. filed with the Bucharest Court the Presidential Ordinance claim, subject of file no. 40510/3/2014, a demand by which it required the suspension of the application of the Resolution of the Extraordinary General Meeting of Shareholders ("EGMS") no. 8 / October 6th 2014 until the final settlement of the action for annulment. On April 23rd 2015, the Court of Appeal of Bucharest definitively rejected as groundless the appeal against the Ruling no. 282 / January 23rd 2015 given by the Bucharest Law Court in the file no. 40510/3/2014. By that ruling, the Bucharest Court rejected the summons - Presidential Ordinance - requiring for cessation of the EGMS Resolution no. 8 / October 06th 2014.

The action for annulment of the EGMS resolution no. 8 / October 6th 2014 is subject to file no. 40046/3/2014 registered with the Fondul Proprietatea S.A. with the Bucharest Court, and the next date is set by the Court for October 05th 2015.

4.4. Updating and approval of the Regulation on the SNN General Meetings of Shareholders organization and holding

SNN has updated and approved the Regulation on the organization and unfolding of the SNN General Meetings of Shareholders by resolution of the Board of Directors no. 271 dated February 20, 2015, due to changes in capital market legislation and the update of SNN Articles of Incorporation.

4.5. Enel Investment Opportunity

In September 2014 SNN began analyzing the opportunity resulted from the notice of possible sales of Enel operations in Romania. On February 25th 2015, Enel SpA, Citigroup Global Markets Limited and UniCredit S.p.A., informed SNN on the resolution of the Board of Directors of Enel Group to temporarily suspend the assets sale process in Romania. As a consequence, the SNN interest in this transaction could not materialize.

4.7. Major Litigations

The situation of major litigations (RON 500k) and of those that cannot be evaluated in money, in progress on June 30th 2015, is shown in **Appendix 4**.

5. MAIN FINANCIAL INDICATORS ON JUNE 30TH 2015

The performance of the company is reflected in the achievement of the main financial indicators, as follows:

Indicator ^{**)}	Formula	m.u.	Result on 30.06.2015
1. The current liquidity ratio	Current assets/ Current liabilities	x	3,98
2. The indebtedness ratio			
2.1. The indebtedness ratio (1)	Long term liabilities/ Shareholder's equity x 100	%	21,7%
2.1. The indebtedness ratio (2)	Long term liabilities/ Capital employed x 100	%	17,8%
3. Receivables turnover ratio - customers	Average accounts receivable/ Turnover x 180	days	27
4. Non-current assets turnover *)	Turnover/ Non-current assets	x	0,22

*) Assets turnover is calculated by extrapolating the half year sales to one year (360 days/180 days)

***) on the basis of the condensed individual interim financial statements

6. DEGREE OF ACCOMPLISHMENT OF PERFORMANCE INDICATORS

The performance indicators and criteria included in the mandate contracts of the administrators and directors were established at the middle of 2013 on the basis of the local applicable accounting standards. Starting with the financial year 2013, SNN applied the International Financial Reporting Standards (IFRS).

Following the approval of the Budget for revenues and expenses of SNN by the Government's Decision number 468/24.06.2015 which is to be submitted for the approval by the General Meeting of Shareholders, it is proposed to update the Addendum 1 and the Addendum 1.1 from the Administration Contracts concluded between the administrators and the company, comprising the update of the level of the performance criteria and indicators and their quarterly breakdown for the year 2015, in compliance with the Budget of revenues and expenses for 2015.

The performance indicators calculated on the basis of the Budget of revenues and expenses approved by Government's Decision and of the proposals for the update of Appendix 1 and 1.1 from the Administration Contracts of the Board of Administration members were met over 100%, both in the 1st quarter as well as in the 2nd quarter of 2015, as shown in Appendix 5 and Appendix 6 (assuming approval of the Appendix 1 and 1.1. update as per provisions in the Budget of revenues and expenses, in a subsequent General Meeting of Shareholders).

Regarding the level of achievement of the annual investment plan, as per chart 28 from the administration plan and the annual budgets, only the investments mentioned in chart 28 from the administration plan are taken into account when determining the degree of achievement of the investment plan and the level of achievement is limited to 100% (achieved vs planned).

Administration/ Mandate contracts	Level of achievement of performance indicators and criteria 1 st Quarter 2015	Level of achievement of performance indicators and criteria 2 nd Quarter 2015
Board of Directors	103,55%	119,34%
General Manager	104,68%	111,21%
Manager of Cernavoda NPP	117,53%	129,72%
Financial Manager	104,68%	111,21%

Board of Directors
Alexandru Sandulescu
President

Appendix 1 – Financial position as at 30.06.2015

	30.iun.15	31.dec.14
Assets		
Non-current assets		
Property plant and equipment	7.614.253.815	7.789.583.632
Intangible assets	87.092.992	94.558.653
Financial investments	141.686.201	141.686.201
Total non-current assets	7.843.033.008	8.025.828.486
Current assets		
Inventories	407.145.403	397.665.497
Income tax receivable	8.611.875	-
Trade and other receivables	152.737.792	240.118.861
Prepayments	12.678.335	18.546.205
Bank deposits	554.115.606	31.442.715
Cash and cash equivalents	668.170.201	1.152.298.625
Total current assets	1.803.459.212	1.840.071.903
Total assets	9.646.492.220	9.865.900.389
Equity and liability		
Equity		
Share capital, out of which:	3.207.713.153	3.013.330.303
<i>Subscribed and paid in share capital</i>	<i>3.012.210.410</i>	<i>2.817.827.560</i>
<i>Inflation adjustments to share capital</i>	<i>195.502.743</i>	<i>195.502.743</i>
Share premium	31.474.149	31.474.149
Prepaid share reserve	24.531.537	217.820.977
Revaluation reserve	301.778.173	313.405.061
Retained earnings	3.836.364.075	3.912.224.643
Total shareholder's equity	7.401.861.087	7.488.255.133
Liabilities		
Non-current liabilities		
Long term borrowings	1.399.751.032	1.496.191.642
Deferred income	164.963.608	172.135.939
Deferred tax liability	193.470.216	197.598.967
Employee benefits	33.267.120	33.267.120
Total non-current liabilities	1.791.451.976	1.899.193.668
Current liabilities		
Accounts payable and other liabilities	226.208.437	244.366.147
Current tax liability	-	4.495.676
Deferred income	21.298.324	24.909.505
Current portion of long term borrowings	205.672.396	204.680.260
Total current liabilities	453.179.157	478.451.588
Total liabilities	2.244.631.133	2.377.645.256
Total equity and liabilities	9.646.492.220	9.865.900.389

Appendix 2 – Income statement as at 30.06.2015

	01 January - 30 June 2015	01 January - 30 June 2014
Revenues		
Sales of electricity	791.792.692	783.093.781
Electricity transmission revenues	52.656.530	51.554.378
Total revenues	844.449.222	834.648.159
Other income	13.942.175	19.291.928
Operation expenses		
Depreciation and amortisation	(233.841.384)	(222.458.983)
Personnel expenses	(139.401.855)	(141.224.149)
Cost of traded electricity	(19.224.269)	(10.920.688)
Repairs and maintenance	(80.206.840)	(75.594.275)
Electricity transmission expenses	(52.656.530)	(51.554.378)
Costs with spare parts	(13.913.715)	(21.375.664)
Cost of uranium fuel	(69.826.644)	(68.371.375)
Other operating expenses	(234.248.053)	(280.175.798)
Total operating expenses	(843.319.290)	(871.675.310)
Operating profit	15.072.107	(17.735.223)
Finance costs	(66.578.092)	(36.091.836)
Finance income	61.874.744	78.804.667
Net finance costs	(4.703.348)	42.712.831
Profit before income tax	10.368.759	24.977.608
Income tax expense	(7.466.591)	(9.531.150)
Net profit for the period	2.902.168	15.446.458

Appendix 3 – Execution of the Budget of Revenues and Expenses at 30.06.2015

- mii lei-

		INDICATORS	Row nr.	Budgeted Semester I 2015	Actual Semester I 2015	%
0	1	2	3	4	5	6 = 5/4
I.		TOTAL REVENUES (Row1=Row2+Row5+Row6)	1	947.002	920.266	97,18%
	1	Total operating revenues, out of which:	2	866.803	858.391	99,03%
		a) subsidies, in accordance with legal provisions	3	-	-	0,00%
		b) transfers, in accordance with legal provisions	4	-	-	0,00%
	2	Finance revenues	5	80.199	61.875	77,15%
	3	Extraordinary revenues	6	-	-	0,00%
II		TOTAL EXPENSES (Rd.7=Rd.8+Rd.20+Rd.21)	7	945.857	909.897	96,20%
	1	Operating expenses, out of which:	8	895.223	843.319	94,20%
	A.	Expenses for goods and services	9	379.398	334.139	88,07%
	B.	Expenses with taxes, duties and similar payments	10	115.589	116.662	100,93%
	C.	Personnel expenses, out of which:	11	146.425	143.165	97,77%
	C0	Personnel expenses (Row13+Row14)	12	109.889	107.645	97,96%
	C1	Salaries	13	101.780	99.661	97,92%
	C2	Bonuses	14	8.110	7.984	98,45%
	C3	Other personnel costs, out of which:	15	516	513	99,47%
		Expenses with compensations for early release of personnel	16	-	-	0,00%
	C4	Expenses related to the mandate contracts and other managing and control entities, commissions and committees	17	1.755	1.479	84,31%
	C5	Social security expenses, special funds and other legal obligations	18	34.265	33.528	97,85%
	D.	Other operating expenses	19	253.811	249.353	98,24%
	2	Finance expenses	20	50.634	66.578	131,49%
	3	Extraordinary expenses	21	-	-	0,00%
III		GROSS RESULT (profit)	22	1.144	10.369	905,99%
IV		INCOME TAX	23	7.200	7.467	
V		PROFIT/ACCOUNTING LOSS REMAINED AFTER THE INCOME TAX DEDUCTION	24	(6.056)	2.902	

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Appendix 4 – Significant SNN litigations ongoing on 30 June 2015 (over 500 thousand lei), including the monetary unassessed ones

No.	File number	Court of law	SNN quality	Adverse party	Object/ value	Current procedural stage	Previous procedural stages	Procedural stage/ Term
	SNN Executive							
1.	3868/118/2012	Constanta Court of Law	Creditor	S.C. PROCONEX UNIVERSAL S.RL.	Insolvency file - bankruptcy procedure SNN receivable accepted in the final table of receivables : 3.369.886,85 lei	First instance	N/A	21 September 2015
2.	27406/3/2012	High Court of Cassation and Justice Court of Appeal retrial	Plaintiff	SC Tinmar Ind S.A.	Delay penalties to the invoices payment and energy transmission tariff difference and legal interest : 1.286.326,78 lei plus 18.345,23 lei legal expenses	Appeal retrial to the Bucharest Court of Appeal	<p>First instance: Bucharest Court of Law partially admits the SNN application and obliges the defendant to pay to SNN the amount of 1.230.780, 39 lei, representing delay penalties. It obliges the defendant to pay to SNN the amount of 16.423,80 lei as legal expenses</p> <p>Appeal: The Bucharest Court of Appeal admits the appeal filled by SNN and partially changes the appealed sentence meaning that it obliges the defendant to pay to SNN the amount of 55.546,39 lei as delay penalties, as well as the amount of 555,47 lei as legal expenses which are added to the amounts the defendant was obliged on the first instance. It maintains the other provisions of the appealed sentence. It obliges the respondent to pay to the appellant the amount of 1365,96 lei as legal expenses in appeal.</p> <p>Recourse: The High Court of Cassation and Justice admits recourse filled by SNN and sends the file to the Bucharest Court of Appeal for retrial.</p>	The Bucharest Court of Appeal has not set until now the first term of retrial
3.	2183/115/2010	Caras-Severin Court of Law	Creditor	CET Energoterm Resita S.A.	Insolvency file – bankruptcy procedure SNN receivable accepted in the final table of receivables: 580.974,21 lei	First instance	N/A	29 October 2015

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4.	48031/299/2010	Sector Court	1	Civil party	Defendants: Rotaru Ioan, Ispas Gheorghe, Irimie Traia, Prisecaru tereza, Nemtanu Raducu, Anghelescu Andrei, TESS Conex S.A. civilly responsible party,	Corruption offences – abuse of office. SNN is a civil party in a trial with an estimated damage of 13.493.080,3 lei	Appeal	It partially admits the civil action brought by the civil party SNN for 13.453.181,18 lei. It jointly obliges the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, PRISECARU TEREZA and NEMȚANU RĂDUCU – the last two jointly and with the civilly responsible party S.C. TESS CONEX S.A. to pay to the civil party SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. the amount of 7.481.329,701 lei RON as civil compensations (property damages related to the contract TD – R – 015 no. 53/03.06.2004). It jointly obliges the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, ISPAS GHEORGHE, ANGHELESCU ANDREI TUDOR and PRISECARU TEREZA – the last two jointly and with the civilly responsible party S.C. TESS CONEX S.A. to pay to the civil party SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. the amount of 2.433.400,22 lei RON as civil compensations (property damages related to the contract TD – R 111 nr. 99/07.01.2005). It jointly obliges the defendants ROTARU IOAN, IRIMIE TRAIAN CEZAR, ISPAS GHEORGHE, PRISECARU TEREZA and NEMȚANU RĂDUCU – the last two jointly and with the civilly responsible party S.C. TESS CONEX S.A. to pay to the civil party SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. the amount of 2.886.718,2813 lei RON as civil compensations (property damages related to the contract TD – R - 074 no. 145/19.09.2003). It jointly obliges the defendants ISPAS GHEORGHE, PRISECARU TEREZA and NEMȚANU RĂDUCU – the last two jointly and with the civilly responsible party S.C. TESS CONEX S.A. to pay to the civil party SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. the amount of 651.732,9796 lei RON as civil compensations (property damages related to the contract TD – RI - 036 no. 904/15.10.2003). The defendants and DNA filled an appeal.
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The Court did not set until now the first term of the appeal stage

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5.	35455/3/2013	Bucharest Court of Law	Defendant	Transelectrica	Action in claims – penalties amounting to 646.270,87 lei	First instance retrial	First instance retrial: It admits the application. It obliges SNN to pay to the plaintiff the amount of 646.270,87 lei, representing delay penalties and 10.072,71 lei legal expenses. With appeal in 30 days from the communication. SNN will fill a recourse within the legal term.	After the recourse submission by SNN, the court will set the first term of the recourse stage
6.	9089/101/2013	Mehedinti Court of Law	Creditor	RAAN	Insolvency file – reorganization procedure Receivable entered in the reorganization plan in amount of 5.450.135,91 lei Until now, RAAN has not paid any amount from the receivable due to SNN.	Fond	In the file no. 9089/101/2013/a90 the syndic judge confirms the reorganization plan of the debtor Regia Autonomă Pentru Activități Nucleare proposed by the judicial administrator Tudor&Asociatii SPRL and voted by the General Assembly of Creditors according to the minute dated 28 February 2014.	24 September 2015
7.	7238/120/2012	Dambovită Court of Law	Creditor	Eco Energy	Insolvency file SNN receivable entered in the table of creditors in amount of 2.464.059,64 lei	First instance	The debtor filed a contestation to the SNN receivable entered in the final table of receivables	14 September 2015
8.	3793/2/2013	High Court of Cassation and Justice	Respondent	Greenpeace CEE Romania	Cancellation of the resolution for issuance of the environmental permit and of the environmental permit concerning the U3-4 project	Recourse	First instance: It rejects the plaintiff application as unfounded. Recourse: Greenpeace filed an recourse.	The court did not set until now the first term of the recourse stage
9.	873/1259/2008	Arges Court of Law	Creditor	Termoficare 2000 SA	Insolvency file – bankruptcy procedure SNN receivable entered in the final table of receivables in amount of 2.713.986,71 lei.	First instance	N/A	20 October 2015
10.	18770/3/2007	Bucharest Court of Law	Creditor	Condem SA	Insolvency file – bankruptcy procedure SNN receivable entered in the final table of receivables in amount of 2.446.227,08 lei	First instance	N/A	02 September 2015

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11.	11661/3/2014 11661/3/2014*	Bucharest Court of Appeal Bucharest Court of Law – retrial	Respondent	S.C. Fondul Proprietatea S.A.	Finding of the absolute nullity of the Resolution no. 1/11.03.2014 of the Extraordinary General Meeting of the SNN Shareholders by which it was approved the SNN participation to the investment projects Tarnita – Lapustesti and Cablu Submarin	Appeal First instance retrial	First instance: The Bucharest Court of Law rejected the application of Fondului Proprietatea, admitting the lack of interest exception reported to the application object. Appeal: The Bucharest Court of Appeal admits the appeal filled by Fondul Proprietatea, cancels the appealed sentence and sends the cause for retrial to the same court. First instance retrial: In the trial stage. No resolution was pronounced until now	11 September 2015
12.	416/2/2014	Bucharest Court of Appeal	Claimant Plaintiff	National Regulatory Authority for Energy	Cancellation of administrative act. Decision 3609/2013 concerning the approval of the tariff regulated for 2014	Fond	First instance: The Bucharest Court of Appeal rejected on 14 October 2014 the SNN application as unfounded. Until now, the Court of Appeal's resolution was not drafted and communicated to SNN.	N/A
13.	40046/3/2014	Bucharest Court of Law	Defendant	Fondul Proprietatea	Finding of the absolute nullity of the Resolution no. 8/6.10.2014 of the Extraordinary General Meeting of Shareholders concerning the share capital increase with cash contribution by shares issuance Mentioning of the court decision to the Trade Registry and the deregistration of the already registered mentions	First instance	First instance: In the trial stage. No resolution was pronounced until now	05 October 2015
14.	544/109/2015	Arges Court of Law	Defendant	Goga Gheorghe	Action concerning the patrimony rights resulting from the operation of 2 invention patents in amount of 101.727.813 lei and 33.909.271 lei	Fond	First instance: The plaintiff modified its application, renouncing to the application to SNN	09 September 2015
15.	13275/3/2015	Bucharest Court of Law	Defendant	Hidroelectrica S.A.	Action for claims : 40.812.717 lei representing the difference between insuring contract energy purchase counter value and energy sale and legal interest	Fond	First instance: In the trial stage. No resolution was pronounced until now	12 October 2015

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16.	26063/3/CA/2015	Bucharest Court of Law	Plaintiff	Arges Court of Auditors Board of Auditors	Administrative acts cancellation action: -Decision no. 9/23.03.2015 of the Arges Court of Auditors - Conclusion no. 38/19.06.2015 - Control report no. 341/27/2015 to the FCN Pitesti Branch	First instance	First instance: In the trial stage. The first term in the file was not set	The Court has not set the first term in the file
17.	26062/3/CA/2015	Bucharest Court of Law	Plaintiff	Arges Court of Auditors Board of Auditors	Administrative acts cancellation action: -Decision no. 9/23.03.2015 of the Arges Court of Auditors - Conclusion no. 38/19.06.2015 - Control report no. 341/27/2015 to the FCN Pitesti Branch	First instance	First instance: In the trial stage. The first term in the file was not set	The Court has not set the first term in the file

Appendix 5 – Degree of achievement of the performance indicators at 31.03.2015 – Board of Directors

No.	Objective/Performance indicators	MU	Estimated Q I *)	Actual Q I	Level of achievement (%)	Weight coefficient	Level of achievement of performance indicators col. 5 * col. 6 (%)
0	1	2	3	4	5	6	7
Improvement of the indicators regarding the financial performance of the Company							
1	Turnover (cumulated since the beginning of the year)	Million RON	469,00	469,23	100,05%	0,20	20,01%
2	Operating result (cumulated since the beginning of the year)	Million RON	44,00	44,22	100,51%	0,20	20,10%
3	Overdue payments	Thousand RON	-	-	100,00%	0,10	10,00%
4	Labor productivity (cumulated since the beginning of the year)	Thousand RON/person	223,00	230,35	103,30%	0,10	10,33%
5	Operating expenses at 1.000 lei turnover (cumulated since the beginning of the year)	RON	943,00	942,40	100,06%	0,10	10,01%
Execution of the major investment objectives							
6	Execution of the annual value of the investment plan cumulated since the beginning of the year (as per Chart 28 and the annual budgets)	%	7,00%	7,33%	104,71%	0,15	15,71%
Maintenance of the electricity production capacity above the average level in the industry							
7	Capacity factor (cumulated since the beginning of the year)	%	80,00%	99,08%	123,85%	0,10	12,39%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets							
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the damage of the in depth defence barriers, onsite and off-site impact		0 events larger than level 1 on INES scale	0 events larger than level 1 on INES scale	100,00%	0,05	5,00%
Level of achievement of the performance indicators						1,00	103,55%

*) Values according to the Revenues and Expenditures Budget for 2015, approved by the Government Decision no. 468/24.06.2015

Appendix 6 – Degree of achievement of the performance indicators at 30.06.2015 - Board of Directors

No.	Objective/Performance indicators	MU	Estimated Q II *)	Actual Q II	Level of achievement (%)	Weight coefficient	Level of achievement of performance indicators col. 5 * col. 6 (%)
0	1	2	3	4	5	6	7
Improvement of the indicators regarding the financial performance of the Company							
1	Turnover (cumulated since the beginning of the year)	Million RON	846,00	845,16	99,90%	0,20	19,98%
2	Operating result (cumulated since the beginning of the year)	Million RON	8,00	15,07	188,40%	0,20	37,68%
3	Overdue payments	Thousand RON	-	-	100,00%	0,10	10,00%
4	Labor productivity (cumulated since the beginning of the year)	Thousand RON/person	403,00	414,29	102,80%	0,10	10,28%
5	Operating expenses at 1.000 lei turnover (cumulated since the beginning of the year)	RON	1.016,00	997,82	101,82%	0,10	10,18%
Execution of the major investment objectives							
6	Execution of the annual value of the investment plan cumulated since the beginning of the year (as per Chart 28 and the annual budgets)	%	18,00%	17,80%	98,89%	0,15	14,83%
Maintenance of the electricity production capacity above the average level in the industry							
7	Capacity factor (cumulated since the beginning of the year)	%	80,00%	91,15%	113,94%	0,10	11,39%
Operation of the nuclear units in safe conditions for the personnel, the population, the environment and the production assets							
8	No operating events above level 1 on the International Nuclear Event Scale, concerning the damage of the in depth defence barriers, onsite and off-site impact		0 events larger than level 1 on INES scale	0 events larger than level 1 on INES scale	100,00%	0,05	5,00%
Level of achievement of the performance indicators						1,00	119,34%

*) Values according to the Revenues and Expenditures Budget for 2015, approved by the Government Decision no. 468/24.06.2015