



SN Nuclearelectrica SA

Condensed Unaudited Individual Interim Financial Statements as at and for the period of nine months ended 30 September 2016

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

SN Nuclearelectrica SA

Condensed Individual Financial Position as at 30 September 2016

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

	Note	30 September 2016 (unaudited)	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	7.192.830.072	7.474.555.551
Intangible assets		84.480.030	79.982.771
Financial instruments	5	141.689.201	141.689.201
Total non-current assets		7.418.999.303	7.696.227.523
Current assets			
Inventories	6	317.418.949	323.222.947
Income tax receivable		-	1.173.730
Trade and other receivables	7	116.558.581	163.499.181
Prepayments		18.310.689	12.072.918
Bank deposits		1.122.965.403	1.103.841.528
Cash and cash equivalents	8	310.250.895	257.376.819
Total current assets		1.885.504.517	1.861.187.123
Total assets		9.304.503.820	9.557.414.646
Equity and liabilities			
Equity			
Share capital, out of which:	9	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	9	31.474.149	31.474.149
Prepaid share reserve	9	21.553.537	21.553.537
Revaluation reserve	9	272.674.104	293.329.577
Retained earnings	9	3.921.851.335	3.936.724.775
Total shareholder's equity		7.458.194.378	7.493.723.291
Liabilities			
Non-current liabilities			
Long term borrowings	10	1.124.067.876	1.279.606.054
Deferred income		147.032.781	157.791.277
Deferred tax liability		166.769.227	173.496.018
Employee's benefits		32.666.545	31.796.021
Total non-current liabilities		1.470.536.429	1.642.689.370
Current liabilities			
Accounts payable and other liabilities	11	147.824.098	197.281.806
Current tax liability		39.428	-
Deferred income		7.520.425	21.671.875
Current portion of long term borrowings	11	220.389.062	202.048.304
Total current liabilities		375.773.013	421.001.985
Total liabilities		1.846.309.442	2.063.691.355
Total equity and liabilities		9.304.503.820	9.557.414.646

The accompanying notes 1-18 are an integral part of these condensed individual interim financial statements

SN Nuclearelectrica SA

Condensed Individual Statement of Profit or Loss for the nine months period ended 30 September 2016.

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

Note	3 months period ended on 30 September 2016 (unaudited)	3 months period ended on 30 September 2015 (unaudited)	9 months period ended on 30 September 2016 (unaudited)	9 months period ended on 30 September 2015 (unaudited)
Revenues				
Sales of electricity	433.977.007	428.138.590	1.157.741.328	1.219.931.282
Electricity transmission revenues	3.731.887	11.113.321	23.138.456	63.769.851
Total revenues	437.708.894	439.251.911	1.180.879.784	1.283.701.133
Other income	14.487.504	7.254.304	13.563.144	21.196.479
Operating expenses				
Depreciation and amortization	(121.543.989)	(118.554.374)	(359.948.779)	(352.395.758)
Personnel expenses	(75.089.837)	(74.117.607)	(217.372.478)	(213.519.462)
Cost of traded electricity	(2.190.784)	(4.901.646)	(7.413.997)	(24.125.915)
Repairs and maintenance	(19.933.681)	(22.666.835)	(100.934.141)	(102.873.675)
Electricity transmission expenses	(3.731.887)	(11.113.321)	(23.138.456)	(63.769.851)
Costs with spare parts	(2.697.007)	(2.206.381)	(19.503.101)	(16.120.096)
Cost of uranium fuel	(43.679.886)	(35.910.696)	(110.585.580)	(105.737.340)
Other operating expenses	(92.472.187)	(84.783.810)	(291.373.417)	(319.031.863)
Total operating expenses	(361.339.258)	(354.254.670)	(1.130.269.949)	(1.197.573.960)
Operating result	90.857.140	92.251.545	64.172.979	107.323.652
Finance cost	(6.105.321)	(14.168.242)	(68.159.701)	(80.746.334)
Finance income	35.124.973	71.655.875	83.694.403	133.530.618
Net finance income (expenses)	29.019.652	57.487.633	15.534.702	52.784.284
Profit before income tax	119.876.792	149.739.178	79.707.681	160.107.936
Net income tax expenses	(17.494.820)	(21.452.169)	(15.164.564)	(28.918.760)
Profit for the period	102.381.972	128.287.009	64.543.117	131.189.176

The condensed individual interim financial statements presented in pages from 1 to 22 were signed on November 7, 2016 by:

Daniela Lulache
Chief Executive OfficerMihai Darie
Chief Financial Officer

SN Nuclearelectrica SA

Condensed Individual Statement of Comprehensive Income for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

	3 months period ended on 30 September 2016 (unaudited)	3 months period ended on 30 September 2015 (unaudited)	9 months period ended on 30 September 2016 (unaudited)	9 months period ended on 30 September 2015 (unaudited)
Profit for the period	102.381.972	128.287.009	64.543.117	131.189.176
Other elements of the comprehensive income	-	-	(572.459)	-
Total comprehensive result for the Period	102.381.972	128.287.009	63.970.658	131.189.176
Earnings per share				
Basic earnings per share (RON/share)	16 0,34	0,43	0,23	0,44
Diluted earnings per share (RON/share)	16 0,34	0,43	0,23	0,44

SN Nuclearelectrica SA

Condensed Individual Statement of Changes in Equity for the nine months period ended on 30 September 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 2016 (audited, restated)		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>		-	-	-	-	64.543.117	64.543.117
<i>Other elements of comprehensive income</i>		-	-	-	-	(572.459)	(572.459)
Total comprehensive income for the period		-	-	-	-	63.970.658	63.970.658
Transfer of revaluation reserve to retained earnings		-	-	-	(20.655.473)	20.655.473	-
Dividends declared		-	-	-	-	(99.499.571)	(99.499.571)
Balance as at 30 September 2016 (unaudited)	9	3.210.641.253	31.474.149	21.553.537	272.674.104	3.921.851.335	7.458.194.378

SN Nuclearelectrica SA

Condensed Individual Statement of Changes in Equity for the nine months period ended on 30 September 2016

(All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share 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>		-	-	-	-	131.189.176	131.189.176
<i>Other elements of comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	131.189.176	131.189.176
Shares issue		194.382.850	-	(194.376.700)	-	-	6.150
Prepaid reserve increase		-	-	1.037.362	-	-	1.037.362
Transfer of revaluation reserve to retained earnings		-	-	-	(17.435.631)	17.435.631	-
Other items		-	-	-	-	(23.312)	(23.312)
Dividends declared						(90.366.312)	(90.366.312)
Balance as at 30 September 2015 (restated, unaudited)	9	3.207.713.153	31.474.149	24.481.639	295.969.430	3.911.518.264	7.471.156.635

SN Nuclearelectrica SA

Condensed Individual Statement of Cash Flows for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

	9 months period ended on 30 September 2016 (unaudited)	9 months period ended on 30 September 2015 (unaudited)
Cash flows from operating activities		
Profit before income tax	79.707.681	160.107.936
Adjustments for:		
Depreciation and amortization	359.948.779	352.395.758
(Gain) on trade and other receivables	(2.116)	(1.356.556)
(Gain) on inventories	(1.226.910)	(2.502.608)
Loss from provisions	7.692	2.042.747
(Gain)/Loss from non-current assets sold	(58.659)	22.131
Net financial income	(14.854.494)	(53.309.877)
Changes in:		
Decrease in trade and other receivables	44.827.730	88.175.097
Decrease/(Increase) in inventories	6.811.666	(3.867.949)
(Decrease) in deferred income	(24.909.946)	(11.387.999)
(Decrease)/Increase in prepayments	(6.237.771)	598.767
(Decrease) in accounts payable and other liabilities	(50.140.868)	(46.911.434)
Cash flows relating to operating activities	393.872.784	484.006.013
Income tax paid	(20.678.197)	(24.698.453)
Interest received	13.567.686	15.651.603
Interest paid	(4.170.269)	(7.638.139)
Net cash flow from operating activities	382.592.004	467.321.024
Cash flows relating to investing activities		
Purchase of intangible assets	(7.148.529)	(4.837.800)
Purchase of property, plant and equipment	(70.696.848)	(113.927.339)
Proceeds from property, plant and equipment	68.766	162.090
(Increase) in bank deposits	(19.123.875)	(803.673.826)
Net cash flow from investing activities	(96.900.486)	(922.276.875)
Cash flow relating to financing activities		
Payments of borrowings	(134.137.639)	(133.938.083)
Payments of dividends	(98.679.803)	(88.187.463)
Shares issue	-	6.150
Net cash flow from financing activities	(232.817.442)	(222.119.396)
Net increase/(decrease) of cash and cash equivalents	52.874.076	(677.075.247)
Cash and cash equivalents as at 1 January (see Note 8)	257.376.819	1.152.298.625
Cash and cash equivalents as at 30 September (see Note 8)	310.250.895	475.223.378

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 5). 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 9-months period ended on September 30, 2016 the Company sold approximately 16% of its energy on the regulated market (21% was sold during the 9-months period ended on September 30, 2015). The total quantity of energy sold during the 9-months period ended on September 30, 2016 amounts to 7.621.615 MWh, as compared to 7.936.795 MWh, sold during the 9-months period ended on September 30, 2015. The average price for electricity sales on the regulated market during the 9-months period ended on September 30, 2016 amounts to 162,73 RON/MWh as compared to 158,64 RON/MWh during the 9-months period ended on September 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 9, on September 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 standards.

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 9-months period ended on September 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 November 7, 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 5 (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 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.

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Nuclear Power Plants	Machinery, equipment and other assets	Assets under construction	TOTAL
Cost					
Balance as at 1 January 2015 (audited)	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)	-
Inventories 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 (audited)	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Balance as at 1 January 2016 (audited)	34.025.989	5.415.577.164	1.493.559.233	979.523.186	7.922.685.571
Additions	-	-	2.780.280	72.582.613	75.362.894
Transfers	-	95.799.552	18.883.600	(114.683.152)	-
Spare parts transfer	-	-	-	218.041	218.041
Reclassification in intangible assets	-	-	-	(13.717.629)	(13.717.629)
Disposals	-	-	(1.093.030)	-	(1.093.030)
Balance as at 30 September 2016 (unaudited)	34.025.989	5.511.376.716	1.514.130.083	923.923.059	7.983.455.846
Depreciation and amortization					
Balance as at 1 January 2015 (audited)	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 amortization upon revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Balance as at 31 December 2015 (audited)	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Balance as at 1 January 2016 (audited)	2.801.117	29.408.719	268.386.048	147.534.136	448.130.020
Depreciation	51.838	258.299.089	85.395.570	-	343.746.497
Accumulated depreciation of disposals	-	-	(1.084.125)	-	(1.084.125)
Adjustments for intangible assets depreciation	-	-	-	(166.618)	(166.618)
Balance as at 30 September 2016 (unaudited)	2.852.955	287.707.808	352.697.493	147.367.518	790.625.774
Carrying amount					
Balance as at 1 January 2015 (audited)	28.428.815	5.737.676.357	1.166.715.556	856.177.321	7.788.998.048
Balance as at 31 December 2015 (audited)	31.224.872	5.386.168.445	1.225.173.185	831.989.050	7.474.555.551
Balance as at 30 June 2016 (unaudited)	31.173.034	5.223.668.908	1.161.432.589	776.555.541	7.192.830.072

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 September 30, 2016 of 388.693.448 RON (December 31, 2015: 404.188.599RON) and buildings with a net carrying amount at September 30, 2016 of 320.293.651 RON (December 31, 2015: 332.439.518 RON).

On September 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 not 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 nine months period ended on September 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 36.684.909 RON (2015: 6.890.479 RON);
- Replacement of Generrex U1 excitation system amounting to 20.747.092 RON (2015: 65.317.657 RON).
- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to 5.839.233 RON (2015: 6.508.356 RON).
- Filter system upstream of U1, U2 water chambers amounting to 3.930.922 RON (2015: 435.555 RON);
- Improvement of live steam system amounting to 3.486.372 RON (2015: 0 RON);

The main investments commissioned during the 9-months period ended on September 30, 2016 relates mainly to: installation of Generrex 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 within the current system amounting to 1.467.688 RON.

On September 30, 2016, the carrying amount of the assets under construction related to Unit 3 and Unit 4 amounts to 505.834.407 RON (December 31, 2015: 505.289.183 RON). On September 30, 2016, the remaining difference up to 776.555.541 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 43.512.388 RON, construction of facilities for storage and loading of the nuclear fuel used (DICA) amounting to 26.151.844 RON, refurbishment of power outlet transformers amounting to 10.554.151 RON.

On September 30, 2016, the Company purchased fixed assets on credit from suppliers, amounting to 19.538.958 RON (31 December 2015: 14.618.981 RON).

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 14). In the 9-months period ended on September 30, 2016 the expenses with the contributions paid by the Company to ANDR amounts to 68.456.679 RON (9-months period ended on 30 September 2015: 68.703.103 RON).

Pledged assets

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

5. FINANCIAL INVESTMENTS

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

Continuity of the activity of EnergoNuclear

As at September 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 to 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.

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 provided 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.

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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.

On July 18, 2016 the Extraordinary General Meeting of Shareholders approved the continuation of negotiations upon the Investment Documents under the same conditions as those of MoU for a 4-months period, starting on May 9, 2016, by applying all the other provisions provided in the MoU, including the possibility of either party to terminate the MoU with no damage and by a simple written notification transmitted to the other Party, if no agreement upon the Investment Documents was reached and unless the delay was caused by that Party.

6. INVENTORIES

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

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Spare parts	138.243.584	140.662.839
Materials and other materials	44.440.645	46.920.353
Nuclear fuel	95.430.736	98.500.893
Uranium	32.712.145	28.328.866
Other inventories	6.591.839	8.809.996
TOTAL	317.418.949	323.222.947

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

*(All amounts are in RON, unless stated otherwise)***7. TRADE AND OTHER RECEIVABLES**

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

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Trade receivables	94.219.115	139.116.404
Trade receivables allowance	(12.846.438)	(12.848.554)
Other receivables	15.019.654	16.032.462
Other receivables allowance	(3.660.872)	(3.660.872)
Taxes and duties	23.827.122	24.859.741
Total	116.558.581	163.499.181

As at September 30, 2016, the main trade receivables in the balance are from: Electrica Furnizare S.A. – 18.987.202 RON (31 December 2015: 7.710.109 RON), GEN-I d.o.o. – 13.260.384 RON (31 December 2015: 20.933.593 RON), Ezpada Srl – 7.677.842 RON (31 December 2015: 0 RON), Alro SA – 7.150.032 RON (31 December 2015: 0 RON), Enel Energie Muntenia SA – 6.809.616 RON (31 December 2015: 14.796.226 RON), Enel Energie SA – 5,637,271 RON (31 December 2015: 9.198.295 RON).

8. CASH AND CASH EQUIVALENTS

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

	30 September 2016	31 December 2015
	(unaudited)	(audited)
Cash at bank in RON	307.887.095	255.426.980
Cash at bank in foreign currency	2.363.800	1.949.839
Total cash and cash equivalents	310.250.895	257.376.819

9. 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 September 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 September 2016	31 December 2015
	(unaudited)	(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

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

As at September 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.

As at September 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 investors	25.368.851	8.4138%
TOTAL	301.513.851	100%

Prepaid share reserves

The prepaid share reserves amount to 21.553.537 RON as at September 30, 2016 and December 31, 2015 and represent public utility objectives of Cernavoda NPP (5.439.321 RON as at September 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 September 30, 2016 and December 31, 2015).

Re-evaluation Reserves

As at September 30, 2016 the revaluation reserve amounts to 272.674.104 RON (December 31, 2015: 293.329.577 RON), net of the deferred tax related to the re-evaluation 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 603.625 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.

10. BORROWINGS

Reimbursements of borrowings during the 9-months period as at September 30, 2016 were as follows:

	Currency	Interest Rate	Carrying amount	Year of maturity
Balance as at 1 January 2016			1.525.830.626	
New issues				
Repayments, out of which:			(134.137.639)	
Societe Generale - ALSTOM BC	EUR	EURIBOR + 0.450%	(2.404.776)	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR+ 0.450%	(17.343.633)	2022
Societe Generale - AECL BC	CAD	CDOR + 0.375%	(33.867.939)	2022
Societe Generale - NEXANS BC	EUR	EURIBOR + 0.450%	(3.020.838)	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0.070%	(12.124.653)	2017
EURATOM	EUR	EURIBOR 6M + 0.08%	(65.375.800)	2024
Exchange rate differences			(10.304.934)	
Balance as at 30 September 2016 (unaudited)			1.381.388.053	

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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

	30 September 2016 (unaudited)	31 December 2015 (audited)
Societe Generale - ALSTOM BC	4.746.441	7.235.117
Societe Generale - ANSALDO BC	205.392.590	226.116.915
Societe Generale - AECL BC	396.633.821	424.118.469
Societe Generale - NEXANS BC	5.962.397	9.088.628
Societe Generale - GENERAL ELECTRIC	11.761.804	24.501.247
EURATOM	756.891.000	834.770.250
Total long-term borrowings from credit institutions	1.381.388.053	1.525.830.626
	(226.101.737)	(209.134.834)
Less: Current amount of long-term borrowings	(31.218.440)	(37.089.738)
Less: Balance of transaction costs (long term)		
Total long-term borrowings net of the short-term current amounts	1.124.067.876	1.279.606.054

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

On 30 September 2016 and 31 December 2015, the short-term borrowings are as follows:

	30 September 2016 (unaudited)	31 December 2015 (audited)
Current portion of long-term borrowings	226.101.737	209.134.834
Interests related to the long-term borrowings	2.115.721	741.866
Commitment and insurance fees on short term	(7.828.396)	(7.828.396)
Total short-term borrowings	220.389.062	202.048.304

11. TRADE AND OTHER PAYABLES

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

	30 September 2016 (unaudited)	31 December 2015 (audited)
Property, plant and equipment suppliers	19.538.958	14.618.981
Suppliers	71.701.501	118.293.915
Payables to employees	7.818.811	14.488.236
Payables to the State	17.173.457	22.770.187
Dividends to be paid	310.108	281.269
Other payables	31.281.263	26.829.218
Total	147.824.098	197.281.806

As at September 30, 2016, the main suppliers in balance are: General Electric Wilmington – Bucharest Branch – 19.314.087 RON (31 December 2015: 31.952.511 RON), Apele Romane București – 12.774.400 RON (31 December 2015 : 12.255.673 RON), Mate-Fin SRL – 6.732.086 RON (31 December 2015: 8.267.542 RON) and General Concrete SRL– 5.889.634 RON (31 December 2015: 2.703.574 RON).

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

*(All amounts are in RON, unless stated otherwise)***12. INCOME TAX**

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

	3-months period ended on 30 September 2016 (unaudited)	3-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 not (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Current tax expense	19.941.658	23.630.797	21.891.356	35.221.699
Deferred tax release	(2.446.838)	(2.178.628)	(6.726.792)	(6.302.939)
Total	17.494.820	21.452.169	15.164.564	28.918.760

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

	3-months period ended on 30 September 2016 (unaudited)	3-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Sales of electricity on regulated market	55.277.282	92.629.626	196.289.780	262.923.186
Sales of electricity on free market	378.605.605	335.427.926	960.181.999	955.569.750
Sales of thermal energy	89.697	77.044	1.256.331	1.422.498
Revenues from green certificates sales	4.423	3.994	13.218	15.848
Total	433.977.007	428.138.590	1.157.741.328	1.219.931.282

(ii) Quantity of sold energy

	3-months period ended on 30 September 2016 (unaudited)	3-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Quantity of energy sold on regulated market (MWh)	339.786	583.914	1.206.257	1.657.384
Quantity of energy sold on free market (MWh)	2.448.927	2.173.023	6.394.870	6.279.411
Total	2.788.713	2.756.937	7.601.127	7.936.795

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 related to the incomes from positive unbalances capitalized on the Balancing Market, in amount of 20.488 MWh for the 9-months period ended on September 30, 2016 (36.831 MWh in the 9-months period ended on September 30, 2015).

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 Cernavodă, as well as of some end consumers from Cernavodă municipality – economic agents, social-cultural institutions. In the first quarter of 2016 the sales of thermal energy amounts to 1.256.331 RON (September 30, 2015: 1.422.498 RON).

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

14. OTHER OPERATING COSTS

	3-months period ended on 30 September 2016 (unaudited)	3-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Third party services	29.211.107	18.306.519	57.258.722	61.590.728
Expenses with ANDR	21.922.169	24.126.238	68.456.679	68.703.103
Energy and water	20.184.483	20.301.327	55.764.413	57.342.442
Fuels, lubricants and other consumables	7.056.713	8.331.860	28.594.176	27.895.487
Insurance policies	1.884.518	2.380.958	8.856.741	8.028.627
Transport and telecommunication	1.559.647	2.109.068	4.688.361	4.933.627
Tax on special constructions	-	-	983.235	61.567.609
Tax on buildings	-	-	41.306.577	-
Other operating expenses	10.653.550	9.227.840	25.464.513	28.970.240
Total	92.472.187	84.783.810	291.373.417	319.031.863

“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.

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 9-months period ended as at September 30, 2016 amounts to 983.238 RON (September 30, 2015: 61.567.609 RON). As at September 30, 2016 the building tax amounts to 41.306.577 RON (September 30, 2015: 4.894.444 RON, value included in the caption "Other operating expenses" as at September 30, 2015). According to IFRIC 21, the Company has integrally recognized this liability and the related expenses for the first quarter of 2016 and 2015 respectively.

15. FINANCIAL INCOMES AND EXPENSES

	3-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Interest income	3.023.270	4.884.401	11.454.382	15.607.634
Foreign exchange gains	32.100.610	66.770.634	72.227.362	117.191.700
Dividend income	1.093	840	12.659	731.284
Total financial incomes	35.124.973	71.655.875	83.694.403	133.530.618
Foreign exchange losses	(2.393.727)	(9.880.137)	(56.744.279)	(66.108.919)
Interest expense	(3.711.594)	(4.288.105)	(11.415.422)	(14.637.415)
Total financial expenses	(6.105.321)	(14.168.242)	(68.159.701)	(80.746.334)
Net financial incomes	29.019.652	57.487.633	15.534.702	52.784.284

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

*(All amounts are in RON, unless stated otherwise)***16. EARNINGS PER SHARE**

As at 30 September 2016 and 30 September 2015 the earnings per share is as follows:

(i) Basic Earnings per Share

	3-months period ended on 30 September 2016 (unaudited)	3-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Net profit for the period	102.381.972	128.287.009	64.543.117	131.189.176
Number of the ordinary shares at the beginning of the period	301.513.851	301.221.041	281.782.756	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	301.513.851	301.221.041	281.782.756	296.901.422
Basic earnings per share (RON/share)	0,34	0,43	0,23	0,44

(ii) Diluted Earnings per Share

	3-months period ended on 30 September 2016 (unaudited)	3-months period ended on 30 September 2015 (unaudited)	9-months period ended on 30 September 2016 (unaudited)	9-months period ended on 30 September 2015 (unaudited)
Net profit for the period	102.381.972	128.287.009	64.543.117	131.189.176
Number of the ordinary shares at the beginning of the period (a)	301.513.851	301.221.041	281.782.756	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	281.782.756	296.901.422
The number of shares corresponding to the prepaid reserve (b) (see Note 9)	-	292.810	-	292.810
Weighted-average number of ordinary shares (diluted) on September 30, (a) + (b)	301.513.851	301.513.851	281.782.756	297.194.232
Diluted earnings per share (RON/share)	0,34	0,43	0,23	0,44

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

During the nine months period ended 30 September 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. On 21.09.2016 the Court of Appeal of Bucharest rejected the request to cancel the decision to suspend the appeal settlement and SNN appealed on 10/10/2016. The appeal is filed at the ICCJ, the filter procedure, the next trial term shall be allotted subsequently.

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, 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

SN Nuclearelectrica SA

Notes to the Condensed Individual Financial Statements for the nine months period ended 30 September 2016

(All amounts are in RON, unless stated otherwise)

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 September 2016, the Company is committed to incur capital and operational costs according to the agreements in progress for investments and current operations which are normal during the core activity.

18. SUBSEQUENT EVENTS*Energonuclear*

By the Decision no. 8/17.10.2016 of the Extraordinary General Meeting of Shareholders it was approved to continue negotiations on the Investment Documents under the same conditions provided by the Memorandum of Understanding regarding the development, building, operating and decommissioning Units 3 and 4 from CNE Cernavoda ("MoU") until 20th of December 2016 with the application of all the provisions of the MoU.

Daniela Lulache
General Manager

Mihai Darie
Chief Financial Officer