



SN Nuclearelectrica SA

Individual Interim Condensed Unaudited Financial Statements as at and for the period of three months ended on March 31, 2016

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

SN Nuclearelectrica SA

Condensed Individual Financial Position as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

	Note	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	<u>4</u>	7.366.448.365	7.474.555.551
Intangible assets		90.499.921	79.982.771
Financial assets	<u>5</u>	141.689.201	141.689.201
Total non-current assets		7.598.637.487	7.696.227.523
Current assets			
Inventories	<u>6</u>	315.213.177	323.222.947
Current tax asset		-	1.173.730
Trade and other receivables	<u>7</u>	139.534.469	163.499.181
Prepayments		24.768.385	12.072.918
Bank deposits		1.301.401.996	1.103.841.528
Cash and cash equivalents	<u>8</u>	243.468.737	257.376.819
Total current assets		2.024.386.764	1.861.187.123
Total assets		9.623.024.251	9.557.414.646
Equity and liabilities			
Equity			
Share capital, out of which:	<u>9</u>	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	<u>9</u>	31.474.149	31.474.149
Prepaid share reserve	<u>9</u>	21.553.537	21.553.537
Revaluation reserve	<u>9</u>	286.444.085	293.329.577
Retained earnings	<u>9</u>	4.010.471.732	3.936.724.775
Total shareholder's equity		7.560.584.756	7.493.723.291
Liabilities			
Non-current liabilities			
Long term borrowings	<u>10</u>	1.239.097.923	1.279.606.054
Deferred income		154.205.112	157.791.277
Deferred income tax liability		171.059.555	173.496.018
Employee's benefits		31.796.021	31.796.021
Total non-current liabilities		1.596.158.611	1.642.689.370
Current liabilities			
Accounts payable and other liabilities	<u>11</u>	227.239.477	197.281.806
Current tax liability		20.678.197	-
Advance income		6.364.210	21.671.875
Current portion of long term borrowings	<u>11</u>	211.999.000	202.048.304
Total current liabilities		466.280.884	421.001.985
Total liabilities		2.062.439.495	2.063.691.355
Total equity and liabilities		9.623.024.251	9.557.414.646

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

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

SN Nuclearelectrica SA

Condensed Individual Profit and Loss Account for the three months period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

	Note	3-month period ended on March 31, 2016 (unaudited)	3-month period ended on March 31, 2015 (unaudited)
Revenues			
Sales of electricity	13	446.432.316	440.292.937
Electricity transmission revenues		11.321.171	28.497.774
Total revenues		457.753.487	468.790.711
Other income		(3.319.128)	17.640.130
Operating expenses			
Depreciation and amortization		(119.055.466)	(116.041.804)
Personnel expenses		(67.952.824)	(65.118.255)
Cost of traded electricity		(2.413.899)	(6.887.794)
Repairs and maintenance		(16.749.315)	(15.295.853)
Electricity transportation expenses		(11.321.171)	(28.497.774)
Costs with spare parts		(1.754.185)	(3.195.919)
Cost of uranium fuel		(39.178.963)	(42.354.421)
Other operating expenses	14	(120.031.281)	(164.815.573)
Total operating expenses		(378.457.104)	(442.207.393)
Operating result		75.977.255	44.223.448
Finance cost		(22.106.103)	(33.571.817)
Finance income		32.405.776	41.626.695
Net finance income	15	10.299.673	8.054.878
Profit before income tax		86.276.928	52.278.326
Net income tax expenses	12	(19.415.463)	(16.842.990)
Profit of the period		66.861.465	35.435.336

The individual interim condensed financial statements presented at pages 1-20 were signed on May 12, 2016 by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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SN Nuclearelectrica SA

Condensed Individual Statement of the Comprehensive Result for the three months period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

	Note	3-month period ended on March 31, 2016 (unaudited)	3-month period ended on March 31, 2015 (unaudited)
Profit for the period		66.861.465	35.435.336
Other items of the comprehensive income		-	-
Comprehensive income for the period		66.861.465	35.435.336
Earnings per share			
Basic earnings per share (Ron/share)	<u>16</u>	0,22	0,12
Diluted earnings per share (Ron/share)	<u>16</u>	0,22	0,12

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SN Nuclearelectrica SA

Condensed Individual Statement of Changes in Equity for the three months period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

	Note	Share capital	Share capital premiums	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2016 (audited)		3.210.641.253	31.474.149	21.553.537	293.329.577	3.936.724.775	7.493.723.291
Comprehensive income for the period							
<i>Profit for the period</i>		-	-	-	-	66.861.465	66.861.465
<i>Other items of comprehensive income</i>		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	66.861.465	66.861.465
Transfer of revaluation reserve to retained earnings		-	-	-	(6.885.492)	6.885.492	-
Balance as at March 31, 2016 (unaudited)	9	3.210.641.253	31.474.149	21.553.537	286.444.085	4.010.471.732	7.560.584.756

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Condensed Individual Statement of Changes in Equity for the three months period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

Note	Share capital	Share capital premiums	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2015 (audited, restated)	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>	-	-	-	-	35.435.336	35.435.336
<i>Other items of comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	35.435.336	35.435.336
Shares issuing	194.382.850	-	(194.376.700)	-	-	6.150
Prepaid reserve increase	-	-	1.054.507	-	-	1.054.507
Transfer of revaluation reserve in the reported income	-	-	-	(5.811.985)	5.811.985	-
Balance as at March 31, 2015 (unaudited)	3.207.713.153	31.474.149	24.498.784	307.593.076	3.894.530.402	7.465.809.564

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SN Nuclearelectrica SA

Condensed Individual Statement of Cash Flows for the three months period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

	3-month period ended on March 31, 2016 (unaudited)	3-month period ended on March 31, 2015 (unaudited)
Cash flows from operating activities		
Profit before income tax	86.276.928	52.278.326
Adjustments for:		
Depreciation and amortization	119.055.466	116.041.804
Impairment loss on trade and other receivables	776	578
Impairment loss on inventories	133.829	-
Provisions	(2.015.959)	2.400.917
Gains from non-current assets sold	(20.372)	(80.698)
Net finance income	(10.315.330)	(9.307.514)
Changes in:		
Decrease in Trade and other receivables	22.744.869	66.240.786
Decrease in Inventories	7.287.437	13.733.406
(Decrease) in deferred income	(18.893.830)	(844.349)
(Decrease) in prepayments	(12.695.467)	(8.900.806)
Increase in accounts payable and other liabilities	34.320.541	33.617.112
Cash flows generated from operating activities	225.878.888	265.179.562
Income tax paid	-	(5.495.676)
Interest received	5.551.049	4.747.544
Interest paid	(368.266)	(1.048.547)
Net cash from operating activities	231.061.671	263.382.883
Cash flows from investing activities		
Purchase of intangible assets	(2.286.520)	(1.859.022)
Purchase of property, plant and equipment	(16.393.884)	(53.807.482)
Proceeds from property, plant and equipment	22.671	80.698
(Increase) in bank deposits	(197.560.468)	(144.489.110)
Net cash from investing activities	(216.218.201)	(200.074.916)
Cash flow used in financing activities		
Repayments of borrowings	(28.747.812)	(27.855.156)
Payments of dividends	(3.740)	(76.813)
Shares issuance	-	6.150
Net cash flow used in financing activities	(28.751.552)	(27.925.819)
Net (decrease)/increase in cash and cash equivalents	(13.908.082)	35.382.148
Cash and cash equivalents as at January 1 (refer to Note 8)	257.376.819	1.152.298.625
Cash and cash equivalents as at March 31 (refer to Note 8)	243.468.737	1.187.680.773

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SN Nuclearelectrica SA

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified 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, in the eastern part of Romania, where the Company has two operating nuclear reactors (Unit 1 and Unit 2), two nuclear reactors in incipient construction phase (Units 3-4) and one reactor (Unit 5) for which the company’s shareholders approved the change of destination. The 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 operational reactors are based on CANDU technology (Canada Deuterium Uranium of PHWR type).

Unit 5 is depreciated 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 the execution of the activities related to the operation of Units 1 and 2.

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

In accordance with the Electricity Law no. 123/2012, the energy sector is regulated by the Romanian Energy Regulatory Authority (“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 3-month period ended on March 31, 2016 the Company sold approximately 21% of its energy on the regulated market (21% during the 3-month period ended on March 31, 2015). The total quantity of energy sold during the 3-month period ended on March 31, 2016 is of 2.802.566 MWh, as compared to 2.793.437 MWh, sold during the 3-month period ended on March 31, 2015. The average price for electricity sales on the regulated market during the 3-month period ended on March 31, 2016 amounts to 162,77 RON/MWh as compared to 158,64 RON/MWh during the 3-month period ended on March 31, 2015, net of the tariff for transmission service paid to Transelectrica for using the electricity transmission grid.

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

As described in Note 9, as at March 31, 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.

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SN Nuclearelectrica SA

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

2. BASIS OF PREPARATION

a) Statement of compliance

The individual condensed 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.

These interim individual 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 interim individual financial statements as at and for the period ended on March 31, 2016 are not audited and were not reviewed by an independent auditor.

These condensed interim individual financial statements were authorized to be issued and signed on May 12, 2016 by the management of the Company.

b) Use of estimates and professional judgements

The preparation of the interim individual condensed 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

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SN Nuclearelectrica SA

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

The accounting policies applied for the preparation of the interim individual condensed financial statements are in compliance with the ones used for the preparation of the annual 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 with 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 WAC 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 at 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.

4. PROPERTY, PLANT AND EQUIPMENT

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

SN Nuclearelectrica SA

Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

	Land	Nuclear power plants	Machinery, equipment and other assets	Assets under construction	TOTAL
Cost					
Balance as at January 1, 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 buildings/land/ special constructions	4.357.831	4.417.451	(5.002.628)	-	3.772.653
Offset of accumulated amortization upon revaluation	-	(673.807.685)	(64.438.939)	-	(738.246.624)
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 December 31, 2015 (audited)	34.025.989	5.415.577.163	1.493.559.233	979.523.186	7.922.685.570
Balance as at January 1, 2016 (audited)	34.025.989	5.415.577.163	1.493.559.233	979.523.186	7.922.685.570
Additions	-	-	414.638	18.178.067	18.592.705
Transfers	-	1.902.224	9.848.999	(11.751.223)	-
Disposals	-	-	(700.105)	(13.269.623)	(13.969.727)
Spare parts transfer	-	-	-	588.504	588.504
Balance as at March 31, 2016 (unaudited)	34.025.989	5.417.479.387	1.503.122.766	973.268.912	7.927.897.052
Depreciation and impairment losses					
Balance as at January 1, 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	-	447.496.082
Revaluation of buildings/land/ special constructions	2.490.087	29.408.719	(16.607.332)	-	15.291.474
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 December 31, 2015 (audited)	2.801.116	29.408.719	268.386.048	147.534.136	448.130.019
Balance as at January 1, 2016 (audited)	2.801.116	29.408.719	268.386.048	147.534.136	448.130.019
Depreciation charges	19.439	85.338.354	28.298.193	-	113.655.986
Accumulated depreciation of disposals	-	-	(337.318)	-	(337.318)
Balance as at March 31, 2016 (unaudited)	2.820.556	114.747.073	296.346.923	147.534.136	561.448.687
Carrying amount					
Balance as at January 1, 2015 (audited)	28.428.815	5.737.676.356	1.166.715.556	856.177.322	7.788.998.048
Balance as at December 31, 2015 (audited)	31.224.872	5.386.168.444	1.225.173.185	831.989.050	7.474.555.551
Balance as at March 31, 2016 (unaudited)	31.205.433	5.302.732.314	1.206.775.843	825.734.775	7.366.448.365

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

The machinery, equipment and other assets contain, mainly, the heavy water first load used for the Units 1 and 2, with a net carrying amount as at March 31, 2016 of 399.024.963 RON (December 31, 2015: 404.188.599 RON) and buildings with a net carrying amount at March 31, 2016 of 331.354.921 RON (December 31, 2015: 332.439.518 RON).

On March 31, 2016, the carrying amount of the Units 3-4, recognized within the group „Intangible 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 cost have not been allotted at each unit level. Later on, the company has made the allotting of the construction costs for the units 3 and 4 of the nuclear power plant.

The carrying amount of the heavy water specially purchased for the units 3 and 4 is of 158.511.960 RON (December 31, 2015: 158.470.146 RON). These elements are presented within the group „Intangible assets under construction”. The total quantity of heavy water necessary for the units 3 and 4 is of 1,100 tons.

The main investments made by the company during the three months period ended at March 31, 2016 for the projects under construction related to the Units 1 and 2 contain:

- Improvement of thermal performance of U1-Magnetita steam generators amounting to 13.244.650 RON (2015: 6.890.479 RON);
- Improvement of the injection system amounting to 2.557.766 (2015: 0 RON)
- Replacement of Generex U1 excitation system amounting to 2,336,146 RON (2015: 65.317.657 RON).

The main investments put in function during the 3-month period ended on March 31, 2016 relates mainly to: upgrading of the wastewater water treatment amounting to 4.237.387 RON, data acquisition and processing system Candu Smart Tools amounting to 3.369.391 RON, on line liquid effluents monitor system installation and its unitary integration with the current system amounting to 1.467.688 RON.

As at March 31, 2016, the carrying amount of the assets under construction related to Unit 3 and Unit 4 amounts to 505.289.183 RON (December 31, 2015: 512.234.889 RON). As at March 31, 2016, the remaining difference up to 838.740.955 RON (December 31, 2015: 831.989.050 RON) represents the intangible assets under construction related to Unit 1 and Unit 2, such as: replacement of Generex U1 excitation system amounting to 74.745.790 RON (December 31, 2015: 72.409.644 RON), D2O detritiation installation amounting to 63.230.074 RON (December 31, 2015: 63.229.346), construction of areas for the storage and loading of the nuclear fuel used (DICA) amounting to 20.813.719 RON (December 31, 2015: 20.312.611 RON), prepayments to suppliers of intangible assets amounting to 10.956.787 RON (December 31, 2015: 16.608.581 RON).

Decommissioning of nuclear units

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of these two units, due to the fact it is not responsible for the decommissioning. According to Government decision no. 1080/5 September 2007, the Nuclear Agency and 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).

Pledged assets

As at March 31, 2016, respectively December 31, 2015, the Company has no pledged or mortgaged assets.

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Notes to the Individual Interim Condensed Financial Statements prepared as at and for the three month period ended as at March 31, 2016

(All the amounts are expressed in RON, unless specified otherwise.)

5. FINANCIAL INVESTMENTS

The financial investments are represented, mainly, by the investment in Energonuclear S.A. („Energonuclear”). At March 31st 2016 and December 31st 2015, the company owns 100% from the share capital of Energonuclear SA. The participation value at March 31st 2016 and December 31st 2015 is of 141.666.101 RON.

Continuation of the activity of Energonuclear

At March 31st 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 depending on the successful finalizing of the new company project constitution and the transfer of Energonuclear value in the new company according to the Strategy approved on July 31, 2014 by the Romanian Government and on August 22, 2014 by the Extraordinary General Meeting of Shareholders of the Company.

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 operate the existing assets, having a considerable value, under the public patrimony – heavy water and uranium octoxide – and, respectively, in the company patrimony – land, buildings, equipment, etc. – and of Energonuclear, according to the law. The heavy water inventory and the first nuclear fuel charge will be assured from Romania by the Romanian state and 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.

During the month of March 2015 the position of the Romanian Party as it is defined in the Strategy for CGN was presented and subsequently to this date, the negotiations regarding the Memorandum of Understanding (MoU) were completed. This document aims to define and set the negotiation principles for the Investment Agreement.

On July 27, 2015 the meeting of the Interministerial Committee for the Project of the Units 3 and 4 CNE Cernavoda took place. Following this meeting, the MoU, 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: SN Nuclearelectrica SA and China General Nuclear Power Corporation.

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

SNN and CGN are currently negotiating the Agreement for Investment and the Articles of Incorporation of the new project company, process that represents the last phase of the investors selection procedure, according to the Government Strategy for continuing the Project Units 3 and 4 of Cernavoda NPP.

Considering the above mentioned aspects, as well as the negotiations phase with the Selected Investor, the Company's management is confident that the project developed by Energonuclear will continue in the future and there will be a future request for the electric power that is going to be produced by the Units 3 and 4. Thus, the Company's management considers that the investment in Electronuclear S.A. will be recovered, according to the Strategy.

6. INVENTORIES

As at March 31, 2016 and December 31, 2015 the inventories are as follows:

	March 31, 2016	December 31, 2015
	(unaudited)	(audited)
Spare parts	142.281.227	140.662.839
Materials and supplies	46.186.315	46.920.353
Nuclear fuel	92.527.356	98.500.893
Uranium	30.758.742	28.328.866
Other inventories	3.459.537	8.809.996
TOTAL	315.213.177	323.222.947

7. TRADE AND OTHER RECEIVABLES

As at March 31, 2016 and December 31, 2015 the trade and other receivables are as follows:

	March 31, 2016	December 31, 2015
	(unaudited)	(audited)
Trade receivables	116.481.161	139.116.404
Provisions for trade receivables	(12.847.778)	(12.848.554)
Other receivables	14.246.270	16.032.462
Provisions for other receivables	(3.660.872)	(3.660.872)
Taxes	25.315.688	24.859.741
Total	139.534.469	163.499.181

As at March 31, 2016, the main trade receivables in the balance are from: Electrica Furnizare SA – 39.131.198 RON (December 31, 2015: 7.710.109 RON), Enel Energie Muntenia SA – 25.038.534 RON (December 31, 2015: 14.796.226 RON), GEN-I d.o.o. – 12.685.016 RON (December 31, 2015: 20.933.593 RON), Enel Energie SA – 8.047.180 RON (December 31, 2015: 9.198.295 RON).

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8. CASH AND CASH EQUIVALENTS

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

	March 31, 2016	December 31, 2015
	(unaudited)	(audited)
Cash at bank in RON	239.322.479	255.426.980
Cash at bank in foreign currency	4.146.258	1.949.839
Total cash and cash equivalents	243.468.737	257.376.819

9. EQUITY*Share capital*

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

As at March 31, 2016 and December 31, 2015 the effects of the restatements recorded in the previous years are included in the share capital, according to the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The reconciliation of the share capital is as follows:

	March 31, 2016	December 31, 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

As at March 31, 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's General Meetings of the Shareholders.

As at March 31, 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 reserves

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

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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 December 31, 2016 and December 31, 2015).

Revaluation reserves

As at December 31, 2016 the revaluation reserve amounts to 286.444.085 RON (December 31, 2015: 293.329.577 RON), net of the deferred tax related to the reevaluation reserve.

The Company recognized an increase of the revaluation reserve amounting to 3.772.653 RON after the revaluation carried out on December 31, 2015 from which the deferred tax debt amounting to 603.625 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 3-month period ended on March 31, 2016 were as follows:

	Currency	Interest rate	Value	Due date
Balance as at January 1, 2016			1.525.830.626	
Withdrawals				
Reimbursements, out of which:			(28.747.812)	
Societe Generale - ALSTOM BC	EUR	EURIBOR+0,450%	-	2017
Societe Generale - ANSALDO BC	EUR	EURIBOR+0,450%	-	2022
Societe Generale - AECL BC	CAD	CDOR+0,375%	-	2022
Societe Generale - NEXANS BC	EUR	EURIBOR+0,450%	-	2017
Societe Generale - GENERAL ELECTRIC	USD	LIBOR+0,070%	(6.125.312)	2017
EURATOM	EUR	EURIBOR+0,08%	(22.622.500)	2024
Exchange rate differences			(5.274.364)	
Balance as at March 31, 2016			1.491.808.450	

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

	March 31, 2016	December 31, 2015
	(unaudited)	(audited)

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Societe Generale - ALSTOM BC	7.154.043	7.235.117
Societe Generale - ANSALDO BC	223.583.126	226.116.915
Societe Generale - AECL BC	431.604.250	424.118.469
Societe Generale - NEXANS BC	8.986.784	9.088.628
Societe Generale - GENERAL ELECTRIC	17.433.148	24.501.247
EURATOM	803.047.100	834.770.250
Total long-term borrowings	1.491.808.451	1.525.830.626
	(217.577.889)	(209.134.834)
Less: Current amount of long-term borrowings	(35.132.639)	(37.089.738)
Less: Balance of transaction costs (long term)		
Total long-term borrowings net of the current amounts	1.239.097.923	1.279.606.054

As at March 31, 2016 the financial indicators required by EURATOM have been fulfilled.

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

	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Current portion of long-term borrowings	217.577.889	209.134.834
Accrued interests related to the long-term borrowings	2.249.507	741.866
Short-term transaction costs	(7.828.396)	(7.828.396)
Total short-term borrowings	211.999.000	202.048.304

11. TRADE AND OTHER RECEIVABLES

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

	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Property, plant and equipment suppliers	16.888.737	14.618.981
Trade payables	128.632.210	118.293.915
Employee benefits	12.531.673	14.488.236
Payables to the State	40.314.157	22.770.187
Dividends	274.331	281.269
Other payables	28.598.369	26.829.218
Total	227.239.477	197.281.806

As at March 31, 2016, the main suppliers in balance are: General Electric Wilmington – Romania – 25.643.053 RON (December 31, 2015: 31.952.511 RON), Cameco – 19.819.781 RON (December 31, 2015: 0 RON), Apele Romane Bucuresti – 11.708.696 RON (December 31, 2015: 12.255.673 RON) si BWXT Canada Ltd – 10.688.212 RON (December 31, 2015: 6.311.929 RON).

12. INCOME TAX

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

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	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Current tax expense	21.851.927	19.202.777
Deferred tax release	(2.436.464)	(2.359.787)
Total	19.415.463	16.842.990

13. INCOMES FROM THE ELECTRICITY SALES*(i) Incomes from the electric power sales*

	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Sales of electricity on regulated market	96.065.328	92.873.738
Sales of electricity on free market	349.376.185	346.359.179
Sales of thermal energy	986.172	1.053.349
Revenues from green certificates sales	4.631	6.671
Total	446.432.316	440.292.937

(ii) Quantity of sold energy

	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Quantity of energy sold on regulated market (MWh)	590.175	585.427
Quantity of energy sold on free market (MWh)	2.212.391	2.208.010
Total	2.802.566	2.793.437

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 8.182 MWh for the 3-month period ended on March 31, 2016 (13.003 MWh in the three months period ended on March 31, 2015).

The company produces thermal energy by operating the energetic capacities related to the electric and thermal energy production units, consisting of two heat exchangers with a total thermal power of 40 Gcal/h and 46,51 MW. The company delivers thermal energy to the local thermal energy distribution company, SC Utilitati Publice SA Cernavoda, as well as to some end consumers from Cernavoda municipality – economic agents, social-cultural institutions. In the first quarter of 2016 the sales of thermal energy amounts to 986.172 RON (March 31, 2015: 1.053.349 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 EXPENSES

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	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Third party services	11.689.834	31.628.158
Expenses with ANDR	24.427.713	24.237.952
Energy and water	19.682.289	19.678.272
Fuels, lubricants and other consumables	8.173.108	8.861.454
Insurance	3.543.705	3.361.862
Transportation and telecommunication	1.499.672	1.284.787
Tax on special constructions	983.238	61.567.609
Tax on buildings	41.306.758	-
Other operating expenses	8.724.964	14.195.479
Total	120.031.281	164.815.573

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

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

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

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

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

For 2016, the Cernavoda 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 3-month period ended as at March 31, 2016 amounts to 983.238 RON (March 31, 2015: 61.567.609 RON). As at March 31, 2006 the tax on buildings amounts to 41.306.758 RON (March 31, 2015: 4.976.060 RON, value included under "Other operating expenses" on March 31, 2015). According to IFRIC 21, the Company has integrally recognized this liability and the related expenses in the first quarter of 2016 and 2015 respectively.

15. FINANCIAL INCOMES AND EXPENSES

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	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Interest income	4.332.988	5.564.193
Foreign exchange gains	28.072.788	36.062.502
Total financial income	32.405.776	41.626.695
Foreign exchange losses	(18.273.096)	(28.326.832)
Interest expense	(3.833.007)	(5.244.985)
Total financial expenses	(22.106.103)	(33.571.817)
Net financial incomes	10.299.673	8.054.878

16. EARNINGS PER SHARE

As at March 31, 2016 and March 31, 2015 the earnings per share is as follows:

(i) Basic earnings per share

	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Net profit for the period	66.861.465	35.435.336
Number of the ordinary shares at the beginning of the period	301.513.851	281.782.756
Number of ordinary shares issued during the period (refer to Note 9)	-	19.438.285
Weighted-average number of ordinary shares at the end of the period	301.513.851	288.262.184
Basic earnings per share (RON/share)	0,22	0,12

(ii) Diluted earnings per share

	The 3-month period ended on March 31, 2016 (unaudited)	The 3-month period ended on March 31, 2015 (unaudited)
Net profit for the period	66.861.465	35.435.336
Number of the ordinary shares at the beginning of the period	301.513.851	281.782.756
Number of ordinary shares issued during the period (refer to Note 9)	-	19.438.285
Weighted-average number of ordinary shares at the end of the period (a)	301.513.851	288.262.184
Number of shares according to the reserve paid in advance (b) (refer to Note 9)	-	294.525
Weighted-average number of ordinary shares (diluted) on March 31, (a) + (b)	301.513.851	288.556.709
Diluted earnings per share (RON/share)	0,22	0,12

17. CONTINGENCIES AND COMMITMENTS**(i) Ongoing litigations**

During the three month period ended on March 31, 2016, the Company was subject to a number of legal actions arising in the normal course of business. The Company's management regularly analyze the pending litigations, and after consulting with its legal advisors or external lawyers decide the need to create provisions or to disclose any litigation in the financial statements.

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In management's opinion, currently, there are no legal actions or claims with significant impact on the financial result and financial position of the Company that has not been presented in these interim individual condensed financial statements.

(ii) Commitments

On March 31, 2016, the Company undertakes to support the operating and investment costs according to the ongoing contracts for investments and current operations, in the normal course of basic business.

18. EVENTS SUBSEQUENT TO THE REPORTING DATE

Energionuclear

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

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

Daniela Lulache
Chief Executive Officer
Officer

Mihai Darie
Chief Financial