



SN Nuclearelectrica SA

**Condensed Consolidated Interim Financial Statements as at and for the six months
period ended
30 June 2016**

Prepared in accordance with
**International Accounting Standard 34 – “Interim Financial Reporting” adopted by
the European Union**

SN Nuclearelectrica SA

Condensed Consolidated Statement of Financial Position as at 30 June 2016

(All amounts are in RON, unless stated otherwise)

	<u>Note</u>	<u>30 June 2016</u> <u>(reviewed)</u>	<u>31 December 2015</u> <u>(audited)</u>
Assets			
Non-current assets			
Property, plant and equipment	4	7.431.562.787	7.615.323.640
Intangible assets	5	87.485.140	80.006.400
Total non-current assets		<u>7.519.047.927</u>	<u>7.695.330.040</u>
Current assets			
Inventories	6	320.739.979	323.222.357
Income tax receivable	12	19.902.229	1.173.730
Trade and other receivables	7	92.966.909	163.579.415
Prepayments		14.071.684	12.073.377
Bank deposits	8	1.202.274.123	1.103.841.528
Cash and cash equivalents	8	177.771.174	259.943.096
Total current assets		<u>1.827.726.098</u>	<u>1.863.833.503</u>
Total assets		<u>9.346.774.025</u>	<u>9.559.163.543</u>
Equity and liabilities			
Equity			
Share capital	9	3.210.641.253	3.210.641.253
Share premium	9	31.474.149	31.474.149
Prepaid share reserve	9	21.553.537	21.553.537
Revaluation reserve	9	1.773.743.734	1.773.743.734
Retained earnings	9	2.319.589.392	2.457.912.749
Equity attributable to owners of the Company		<u>7.357.002.065</u>	<u>7.495.325.422</u>
Non-controlling interest		-	-
Total equity		<u>7.357.002.065</u>	<u>7.495.325.422</u>
Liabilities			
Non-current liabilities			
Long term borrowings	10	1.185.402.617	1.279.606.054
Deferred income		150.618.947	157.791.277
Deferred tax liability	12	169.216.064	173.496.018
Employee benefits		32.666.545	31.796.021
Total non-current liabilities		<u>1.537.904.173</u>	<u>1.642.689.370</u>
Current liabilities			
Accounts payable and other liabilities	11	229.846.329	197.428.572
Deferred income		7.601.232	21.671.875
Current portion of long term borrowings	10	214.420.226	202.048.304
Total current liabilities		<u>451.867.787</u>	<u>421.148.751</u>
Total liabilities		<u>1.989.771.960</u>	<u>2.063.838.121</u>
Total equity and liabilities		<u>9.346.774.025</u>	<u>9.559.163.543</u>

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SN Nuclearelectrica SA

Condensed Consolidated Income Statement for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
Revenues			
Sales of electricity	13	723.764.321	791.792.692
Electricity transmission revenues		19.406.569	52.656.530
Total revenues		743.170.890	844.449.222
Other income		(929.755)	13.958.719
Operating expenses			
Depreciation and amortisation		(238.404.790)	(233.841.384)
Personnel expenses		(142.679.436)	(140.021.570)
Cost of traded electricity		(5.223.213)	(19.224.269)
Repairs and maintenance		(81.000.460)	(80.206.840)
Electricity transmission expenses		(19.406.569)	(52.656.530)
Costs with spare parts		(16.806.094)	(13.913.715)
Cost of uranium fuel		(66.905.694)	(69.826.644)
Other operating expenses	14	(198.901.241)	(234.248.811)
Total operating expenses		(769.327.497)	(843.939.763)
Operating (Loss)/ Profit		(27.086.362)	14.468.178
Finance costs		(62.056.297)	(66.616.953)
Finance income		48.561.362	61.200.531
Net finance (Expense)	15	(13.494.935)	(5.416.422)
(Loss)/ Profit before income tax		(40.581.297)	9.051.756
Income tax expense, net	12	2.329.970	(7.472.847)
(Loss)/ Profit for the period		(38.251.327)	1.578.909
Profit for the period attributable to :			
Owners of the Company		(38.251.327)	1.578.909
Non-controlling interests		-	-
(Loss)/ Profit for the period		(38.251.327)	1.578.909

The condensed consolidated interim financial statements on pages 1 to 29 were authorized for issue by the management on August 10, 2016 and were signed on its behalf by:

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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SN Nuclearelectrica SA

Condensed Consolidated Statement of Comprehensive Income for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
(Loss)/ Profit for the period		(38.251.327)	1.578.909
Other elements of the comprehensive income			
Elements that will never be classified in the profit and loss account			
Actuarial (loss) for the determined benefit plans		(572.459)	-
Other elements of the comprehensive income		(572.459)	-
Total comprehensive income		(38.823.786)	1.578.909
Attributable to:			
Owners of the Company		(38.823.786)	1.578.909
Non-controlling interests		-	-
Total comprehensive income for the period		(38.823.786)	1.578.909
Earnings per share			
Basic earnings per share (RON/share)	18	(0,13)	0,01
Diluted earnings per share (RON/share)	18	(0,13)	0,01

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Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2016 (audited)		3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.457.912.749	7.495.325.422	-	7.495.325.422
Comprehensive income for the period									
<i>Profit for the period</i>		-	-	-	-	(38.251.327)	(38.251.327)	-	(38.251.327)
<i>Other comprehensive income</i>						(572.459)	(572.459)		(572.459)
Total comprehensive income for the period		-	-	-	-	(38.823.786)	(38.823.786)	-	(38.823.786)
Dividends declared	9	-	-	-	-	(99.499.571)	(99.499.571)	-	(99.499.571)
Balance as at 30 June 2016 (reviewed)		3.210.641.253	31.474.149	21.553.537	1.773.743.734	2.319.589.392	7.357.002.065	-	7.357.002.065

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Condensed Consolidated Statement of Changes in Equity for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	Note	Share capital	Share premium	Prepaid share reserve	Revaluation reserve	Retained Earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2015 (audited)		3.013.330.303	31.474.149	217.820.977	1.770.574.705	2.458.402.361	7.491.602.495	-	7.491.602.495
Comprehensive income for the period									
<i>Profit for the period</i>		-	-	-	-	1.578.909	1.578.909	-	1.578.909
<i>Other comprehensive income</i>		-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	1.578.909	1.578.909	-	1.578.909
Equity issue	9	194.382.850	-	(194.376.700)	-	-	6.150	-	6.150
Pre-paid reserve increase	9	-	-	1.087.260	-	-	1.087.260	-	1.087.260
Other elements		-	-	-	-	(23.312)	(23.312)	-	(23.312)
Dividends declared	9	-	-	-	-	(90.366.312)	(90.366.312)	-	(90.366.312)
Balance as at 30 June 2015 (reviewed)		3.207.713.153	31.474.149	24.531.537	1.770.574.705	2.369.591.646	7.403.885.190	-	7.403.885.190

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Condensed Consolidated Statement of Cash Flows for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
Cash flows from operating activities		
(Loss)/ Profit before income tax	(40.581.297)	9.051.756
Adjustments for :		
Depreciation and amortization	238.404.790	233.841.384
Impairment (gain) on trade and other receivables	(779)	(1.350.489)
Impairment (gain) on stock value	(1.175.685)	-
(Gain)/Loss from provision	(1.811.568)	3.108.821
(Gain)/Loss from assets sold	(39.923)	31.330
Net finance expense	13.729.677	4.110.910
Changes in :		
Decrease in trade and other receivables	71.223.459	89.862.972
Decrease/ (Increase) in inventories	3.844.184	(9.480.440)
(Decrease) in deferred income	(21.242.973)	(10.783.512)
(Increase)/ Decrease in prepayments	(1.998.307)	5.867.870
Increase in accounts payable and other liabilities	25.285.326	6.760.811
Cash generated from operating activities	285.636.904	331.021.413
Income tax paid	(20.678.483)	(24.709.947)
Interest received	7.822.052	10.493.856
Interest paid	(3.908.118)	(7.046.175)
Net cash from operating activities	268.872.355	309.759.147
Cash flows from investing activities		
Purchase of intangible assets	(4.718.626)	(3.996.895)
Purchase of property, plant, equipment	(43.742.607)	(75.569.934)
Proceeds from the sale of property, plant and equipment	42.266	158.434
(Increase) in bank deposits	(98.432.595)	(522.672.891)
Net cash (used)/from investing activities	(146.851.562)	(602.081.286)
Cash flow used in financing activities		
Repayments of long term borrowings	(105.533.298)	(105.667.973)
Dividends paid	(98.659.417)	(88.046.466)
Shares issue	-	6.150
Net cash used in financing activities	(204.192.715)	(193.708.289)
Net (decrease) in cash and cash equivalents	(82.171.922)	(486.030.428)
Cash and cash equivalents as at 1 January (see Note 8)	259.943.096	1.158.859.684
Cash and cash equivalents as at 30 June (see Note 8)	177.771.174	672.829.256

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

1. REPORTING ENTITY

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

The condensed consolidated interim financial statements of the Company as at and for the six months period ended 30 June 2016 comprise the financial statements of the Company and its subsidiary, Energonuclear SA, (named together, “the Group”). As at 30 June 2016 and December 2015, the Company owns 100% of Energonuclear SA. The main operating location is in Cernavoda, in the eastern part of Romania, where the Company has two operating nuclear reactors (Nuclear Power Plant Unit 1 and Unit 2) and two nuclear reactors at inception stage (Nuclear Power Plant Units 3-4) and a nuclear reactor (Nuclear Power Plant Unit 5) for which the Shareholders have approved the change of destination. The construction of Units 3 and 4 was planned to be finalized by Energonuclear; currently, there is a new strategy for the Nuclear Power Plant Units 3 and 4 project continuation approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information see Note 16). The two nuclear reactors are based on CANDU technology (Canada Deuterium Uranium reactor of PHWR type).

Unit 5 is impaired 100% as there are no plans to continue the construction. In March 2014, the shareholders of the Company have approved the use of Unit 5 for 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. Energonuclear S.A. was established in March 2009, for the purpose of constructing and operating the two CANDU 6 reactors at Cernavoda, with an installed capacity of 720 MW each (Units 3 and 4).

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 decisions the tariffs to be used by the Company for selling electricity on regulated market. During the six months period ended 30 June 2016, the Company sold approximately 18% of electricity on regulated market (21% in the six months period ended 30 June 2015). The total quantity of electricity sold during the six months period ended 30 June 2016 is 4.812.414 MWh, compared to 5.179.858 MWh, sold during the six months period ended 30 June 2015. The average price for electricity sales on the regulated market during the six months period ended 30 June 2016 is 162,7 RON/MWh as compared with 158,6 RON/MWh during the six months period ended 30 June 2015, net of the tariff for transmission service paid to Transelectrica for using the electricity transmission network.

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

As described in Note 9, as at 30 June 2016 the shareholders of the Company are: the Romanian State through the Ministry of Energy owning 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 which hold together 25,368,851 shares, representing 8,4138% of the share capital.

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2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant for understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements were authorized for issue on August 10, 2016.

b) Use of estimates and judgements

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

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

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years are included in Note 16 (continuance of the Energonuclear activity).

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2015 except for those presented hereinafter.

Stocks

Based on the standard IAS 2 “Inventories” the cost of inventories, in case of inventory output, must be determined by the method first in, first out (FIFO) or the method of weighted average cost (WAC). Until 31 December 2015 inclusive, the group used the FIFO method.

Following the inventory analysis performed by the company’s management, it resulted that the use of the WAC method would generate more reliable results within the annual financial statements, for their users. In this context, starting 1 January 2016, the accounting policy to determine cost in case of inventory outputs was changed from FIFO to WAC.

According to the requirements for the change of the accounting policies stipulated by IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the management considers that the WAC method leads to more

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relevant and more reliable financial statements for the users needs for taking economic decisions, as it turns out from the analysis of the two methods below:

- The FIFO methods implies that the outputs of inventory are valued at the acquisition or production cost of the first entry. In case of high ageing of inventories and under the conditions of increasing prices, this method does not produce the most reliable results to be reflected in the situation of the comprehensive income;
- The WAC method implies the calculation of the cost of each element based on the weighted average of similar cost elements in stock at the beginning of the period and of those bought during the period.

The Group cannot retrospectively apply the amendment of this accounting policy, according to the IAS 8 requirements, due to the fact that the effects of the retrospective application cannot be determined, as the cumulative impact on all previous periods cannot be calculated. Therefore, the Group applies the new policy prospectively, starting January 1st, 2016.

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(All amounts are in RON, unless stated otherwise)

4. PROPERTY, PLANT, AND EQUIPMENT

	Land	Nuclear power plants	Machinery, equipment and other assets	Fixed Assets in progress	TOTAL
Cost					
Balance as at 1 January 2015	28.689.128	6.072.194.991	1.744.966.641	1.124.092.132	8.969.942.892
Additions	1.006.071	-	14.087.194	125.931.414	141.024.679
Revaluation of buildings/lands/ special construction	4.357.831	4.417.451	(5.002.628)	-	3.772.654
Offsetting of accumulated depreciation upon revaluation	-	(673.807.685)	(64.438.939)	-	(738.246.625)
Transfers	-	12.772.406	140.213.936	(152.986.343)	-
Inventories transfers	-	-	-	14.189.594	14.189.594
Spare parts transfer	-	-	879.654	(879.654)	-
Disposals	-	-	(2.050.146)	(61.643)	(2.111.789)
Balance as at 31 December 2015	34.053.030	5.415.577.163	1.828.655.712	1.110.285.500	8.388.571.407
Balance as at 1 January 2016	34.053.030	5.415.577.163	1.828.655.712	1.110.285.501	8.388.571.407
Additions	-	-	2.462.310	55.130.203	57.592.514
Transfers	-	95.279.830	15.583.691	(110.863.520)	-
Transfer in intangibles	-	-	-	(13.717.629)	(13.717.629)
Transfer of spare parts	-	-	-	(187.321)	(187.321)
Disposals	-	-	(733.157)	-	(733.157)
Balance as at 30 June 2016	34.053.030	5.510.856.993	1.845.968.556	1.040.647.234	8.431.525.814
Depreciation and impairment adjustments					
Balance as at 1 January 2015	233.272	334.518.634	568.272.353	139.384.518	1.042.408.777
Depreciation expenses	77.757	339.289.050	108.129.274	-	447.496.081
Reevaluation of buildings/lands/ special constructions	2.490.087	29.408.719	(16.607.332)	-	15.291.475
Accumulated depreciation of disposals	-	-	(1.838.455)	-	(1.838.455)
Adjustments for impairment	-	-	(13.106)	8.149.618	8.136.511
Compensation of cumulated depreciation at revaluation	-	(673.807.684)	(64.438.939)	-	(738.246.623)
Balance as at 30 June 2016	2.801.116	29.408.719	593.503.795	147.534.136	773.247.765
Balance as at 1 January 2016	2.801.116	29.408.719	593.503.795	147.534.136	773.247.765
Depreciation expenses	38.878	170.709.285	56.815.730	-	227.563.893
Accumulated depreciation of disposals	-	-	(732.014)	-	(732.014)
Adjustments for impairment	-	-	-	(116.618)	(116.618)
Balance as at 30 June 2016	2.839.994	200.118.004	649.587.511	147.417.518	999.963.027
Carrying amounts					
Balance as at 1 January 2015	28.455.856	5.737.676.357	1.176.694.288	984.707.614	7.927.534.115
Balance as at 31 December 2015	31.251.914	5.386.168.444	1.235.151.917	962.751.365	7.615.323.641
Balance as at 30 June 2016	31.213.036	5.310.738.989	1.196.381.046	893.229.716	7.431.562.787

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The machinery, equipment and other assets contain, mainly, the first load of heavy water used for units 1 and 2, with a net book value as at 30 June 2016 of 393.859.629RON (31 December 2015 :404.188.599 RON) and administrative buildings with a net book value as at 30 June 2016 of 324.605.979 RON (31 December 2015: 332.439.518 RON).

According to the current accounting policies applied by the Company, the lands, the buildings and constructions are recognized at their fair value. These assets were revaluated on 31 December 2015 by an independent valuator, East Bridge SRL, member of the National Association of the Romanian Authorized Valuators (ANEVAR).

The results of the reevaluation were registered by using the net method and they reflect a decrease of the net book value of assets (lands, buildings and constructions) in amount of 11.518.821 RON.

As at 31 December 2015, Depreciation and amortization include 15.291.475 RON representing expenses resulted from reducing the net book value of the revaluated assets, as well as 8.136.511 RON representing provision for adjustments for the depreciation of fixed assets proposed for cassation following the annual inventory.

As at 30 June 2016, the carrying amount of Units 3 and 4, recognized as "Fixed assets in progress", is of RON 273,960,000 (31 December 2015: RON 273,960,000). Prior to 1991, the units 1, 2, 3, 4 and 5 were considered as a single project and therefore construction costs incurred were not allocated individually to each unit. Subsequently, the Group made the allocation of the construction costs to Nuclear Power Plant Units 3 and 4.

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 Group during the six months period ended 30 June 2016 for the projects under construction related to Units 1 and 2 includes:

- Improvement of thermal performance of the U1-Magnetita steam generators in amount of 24.999.446 RON (2015:6.890.479 RON);
- Replacing the Generrex U1 excitation system in amount of 20.747.092 RON (2015: 65.317.657 RON);
- Upstream filtering system in the water rooms U1, U2 in amount of 3.930.922 RON (2015: 435.555 RON);
- Improving the live steam system in amount of 3.486.372 RON (2015: 0 RON);
- Construction of loading and storage facilities for the nuclear fuel used (DICA) in amount of 1.831.939 RON (2015: 6.508.356 RON).

The main investment put in function during the six months period ended 30 June 2016 refers mainly to: installing the Generrex U1 excitation system in amount of 93.156.736 RON, refurbishment of the water treating station in the amount of 4.237.387 RON, data acquisition and processing Smart Candu Tool in the amount of 3.369.391 RON and installing the monitoring system for on line liquid effluents and unitary integration with the current system in the amount of 1.467.688 RON.

As at 30 June 2016, the carrying amount of fixed assets in progress which refers to units 3 and 4 is 646.434.685 RON (31 December 2015: 652.998.148 RON), including investments made by Energonuclear (see Note 16). As at 30 June 2016, the remaining difference up to 893.229.716 RON (31 December 2015: 962.751.365RON) represents fixed assets in progress related to units 1 and 2, such as: D2O detritiation installation in the amount of 63.230.074 RON, improvement of thermal performances of the U1-Magnetita steam generators in the amount of 31.826.925 RON, construction of storage and loading

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facilities for the used nuclear fuel (DICA) in the amount of 22.144.550 RON, refurbishment of power evacuation transformers in the amount of 10.539.706 RON.

As at 30 June 2016, the Group acquired fixed assets on credit from suppliers in amount of 33.059.181 RON (31 December 2015: 14.625.875 RON).

Decommissioning of nuclear power plants

The nuclear power Unit 1 is scheduled to operate until 2026 and Unit 2 until 2037. The Group did not record provisions for decommissioning of these two units, as 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 Group for the remaining useful life of these units and assumes the responsibility for the management of the entire decommissioning process at the end of the useful lives of the units, and also for the permanent storage of the resulting waste (see Note 14). The Group's expense regarding the contributions to ANDR for the six months period ended 30 June 2016 amounts to 46.534.510 RON (6 month period ended 30 June 2015: 44.576.865 RON).

Assets pledged as security

As at 30 June 2015, respectively 31 December 2015 the Group has no pledged or mortgaged assets.

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5. INTANGIBLE ASSETS

	Licences and software	Software and other intangible assets for the Power plant	TOTAL
Cost			
Balance as at 1 January 2015	57.869.034	167.513.654	225.382.688
Additions	2.320.593	5.945.053	8.265.646
Transfers	50.000	(50.000)	-
Disposals	(30.874)	(31.505)	(62.379)
Balance as at 31 December 2015	60.208.753	173.377.202	233.585.955
Balance as at 1 January 2016	60.208.753	173.377.202	233.585.955
Additions	837.995	3.880.631	4.718.626
Transfers from property, plant and equipment	-	13.717.629	13.717.629
Balance as at 30 June 2016	61.046.748	190.975.462	252.022.210
Accumulated amortization			
Balance as at 1 January 2015	54.807.900	75.995.507	130.803.406
Amortisation expense	4.756.730	18.081.359	22.838.089
Amortisation related to disposals	(30.874)	(31.067)	(61.941)
Balance as at 31 December 2015	59.533.756	94.045.799	153.579.555
Balance as at 1 January 2016	59.533.756	94.045.799	153.579.555
Amortisation expense	1.014.756	9.942.760	10.957.516
Balance at 30 June 2016	60.548.512	103.988.559	164.537.071
Carrying amounts			
Balance as at 1 January 2015	3.061.134	91.518.147	94.579.281
Balance as at 31 December 2015	674.997	79.331.403	80.006.400
Balance as at 30 June 2016	498.237	86.986.903	87.485.140

On 30 June 2016, the net carrying amount of intangible assets representing software and other intangible assets for the nuclear plant includes intangible assets in progress in the amount of 23.865.149 RON representing software systems for integrated management (31 December 2015: 26.262.901 RON).

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

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

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

	30 iunie 2016 (reviewed)	31 decembrie 2015 (audited)
Spare parts	139.400.425	140.662.839
Consumables, materials and supplies	57.614.910	46.920.353
Nuclear fuel	105.601.746	98.500.893
Uranium	15.035.423	28.328.866
Other inventories	3.087.475	8.809.406
TOTAL	320.739.979	323.222.357

7. TRADE AND OTHER RECEIVABLES

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

	30 June 2016 (reviewed)	31 December 2015 (audited)
Trade receivables	54.233.903	139.114.866
Trade receivables allowance	(12.847.775)	(12.848.554)
Other receivables	14.643.889	16.114.234
Other receivables allowance	(3.660.872)	(3.660.872)
Taxes and duties	40.597.764	24.859.741
Total	92.966.909	163.579.415

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

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

The Group's exposure to credit risk and allowance for impairment of trade and other receivables are disclosed in Note 19.

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

*(All amounts are in RON, unless stated otherwise)***8. CASH AND CASH EQUIVALENTS**

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

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Cash at bank in RON	176.558.022	257.891.064
Cash at bank in foreign currency	1.213.152	2.052.032
Total cash and cash equivalents	177.771.174	259.943.096

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

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

As at 30 June 2016 the caption "Bank Deposit" includes an amount of 22.048.963 RON (31 December 2015: 20.092.045 RON) related to the bank guarantee letters issued by various banks at the request of the Company on behalf of third parties for which guarantee in cash was submitted, with a maturity up to one year; these letter of guarantee are related to the electricity sales of the Company.

9. EQUITY*Share Capital*

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

As at 30 June 2016 and 31 December 2015, the share capital includes the effects of the withdrawals registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The reconciliation of the share capital is as follows:

	30 June 2016	31 December 2015
	(reviewed)	(audited)
Statutory share capital (nominal value)	3.015.138.510	3.015.138.510
Restatement difference in accordance with IAS 29	195.502.743	195.502.743
Share Capital (restated amount)	3.210.641.253	3.210.641.253

As at 30 June 2016 and 31 December 2015, the amount of statutory capital fully subscribed and paid is 3.015.138.510 RON, consisting of 301.513.851 ordinary shares, each with a nominal value of RON 10.

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(All amounts are in RON, unless stated otherwise)

The holders of ordinary shares are entitled to receive dividends, as they are reported from time to time, and the right to one vote per share in the General Meeting of Shareholders.

The shareholders' structure as at 30 June 2016 and 31 December 2015 was as follows:

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

Share premium

In November 2013, the Company issued 28,100,395 shares on the Bucharest Stock Exchange through an initial public offering and through the right of preference exercised by the shareholder Fondul Proprietatea S.A. The amount collected of RON 312,478,099 was made of share capital increase of RON 281,003,950 and a share premium of RON 31,474,149.

Prepaid Share Reserve

The prepaid share reserve is in amount of 21.553.537 RON as at 30 June 2016 and 31 December 2015 represents public utility facilities from Cernavoda NPP (5.439.321 RON as at 30 June 2016 and 31 December 2015), budget allocations related to the period 2007-2011 for construction of the Training and Recreation Centre for Youth and Children in Cernavoda (16.114.216 RON as at 30 June 2016 and 31 December 2015).

Revaluation Reserves

As at 30 June 2016, respectively 31 December 2015, the revaluation reserve is in amount of RON 1.773.743.734. Starting from April 1st 2009 the Group registered a deferred tax liability for the revaluation reserve.

Following the reevaluation from 31 December 2015, the Group acknowledged an increase of the reevaluation reserve in the amount of RON 3.772.653, out of which the deferred tax liability in amount of 603.624 RON was deducted.

Retained Earnings

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

During the six months period ended on 30 June 2016, the Group has declared dividends in amount of 99.499.571 RON (30 June 2015: 90.366.312 RON). The gross unpaid dividends as at 30 June 2016 are in amount of RON 1.118.224 (30 June 2015: 2.555.690 RON).

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10. BORROWINGS

The repayment of borrowings during the six months period ended on 2016 was as follows:

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

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

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

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

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

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

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*(All amounts are in RON, unless stated otherwise)***11. ACCOUNTS PAYABLE AND OTHER LIABILITIES**

As at 30 June 2016 and 31 December 2015, the accounts payables and other liabilities are as follows:

	30 June 2016	31 December
	(reviewed)	2015(audited)
Property, land and equipment suppliers	33.059.181	14.625.875
Suppliers	118.555.425	118.300.922
Employee benefits	8.159.438	14.543.396
Payables to State	39.765.284	22.847.892
Dividends payable	1.118.224	281.269
Other payables	29.188.777	26.829.218
Total	229.846.329	197.428.572

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

12. INCOME TAX

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

	6 months period	6 months period
	ended on 30 June	ended on 30 June
	2016 (reviewed)	2015 (reviewed)
Current tax expense	1.949.984	11.597.158
Deferred tax release	(4.279.954)	(4.124.311)
Total	(2.329.970)	7.472.847

The Company has paid for the first quarter an income tax higher than the one resulted for the entire six months period ended on 30 June 2016, due to the profit recorded during the first quarter. Thus, on 30 June 2016, the income tax receivable is 19.902.229 RON (8.611.875 RON at 30 June 2015).

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

	6 month period	6 month period
	ended on 30 June	ended on 30 June
	2016	2015
	(reviewed)	(reviewed)
Sales of electricity on regulated market	141.012.498	170.293.560
Sales of electricity on free market	581.576.394	620.141.824
Sales of thermal energy	1.166.634	1.345.454
Revenues from sales of green certificates	8.795	11.854
TOTAL	723.764.321	791.792.692

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(ii) Energy Quantity Sold

	6 month period concluded on 30 June 2016 (reviewed)	6 month period concluded on 30 June 2015 (reviewed)
Quantity of energy sold on regulated market (MWh)	866.471	1.073.470
Quantity of energy sold on free market (MWh)	3.945.943	4.106.388
TOTAL	4.812.414	5.179.858

The Company is a participant to the balancing market, but also a Responsible Party for balancing according to the conventions concluded with the transmission and system operator Transelectrica S.A.. The presented quantity of energy sold does not include the quantity of energy related to the revenues from positive imbalances capitalized on the Balancing Market, in amount of 13.292 MWh for the period of six months ended on 30 June 2016 (25.132 MWh in the period of six months concluded on 30 June 2015).

The company produces thermal energy by the exploitation of the energy capacities related to the units of electricity and thermal energy production consisting in two heat exchangers with a total heating power of 40 Gcal/h and 46,51 MW. The company delivers thermal energy to the local company of thermal energy distribution SC Utilitati Publice SA Cernavoda, as well as to some final consumers in Cernavoda municipality – economic agents, social-cultural institutions. The thermal energy sales in the first quarter of 2016 are in amount of 1.166.634 RON (30 June 2015: 1.345.454 RON, amounts which were included in the position Sales of Energy on the free market).

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 the prices to be used by the Company for selling electricity on the regulated market and the related quantities.

14. OTHER OPERATING EXPENSES

	6 month period ended on 30 June 2016 (reviewed)	6 month period ended on 30 June 2015 (reviewed)
Third party services	28.047.616	43.284.209
Expenses with ANDR	46.534.510	44.576.865
Energy and water	35.579.930	37.041.115
Fuels, lubricants and other consumables	21.537.463	19.563.627
Insurance	6.972.223	5.647.669
Transportation and telecommunication	3.128.713	2.824.559
Tax on special constructions	983.238	61.567.609
Building tax	41.306.758	-
Other operating expenses	14.810.790	19.743.158
Total	198.901.241	234.248.811

„Other operating expenses” consist mainly of other taxes, tax on land and provisions expenses.

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(All amounts are in RON, unless stated otherwise)

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 ANDR:

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

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

Starting with 2016, the new Fiscal Code (Law 227/2015) is no longer excepting the nuclear-electric plants from a building's definition. Therefore, in 2015, based on the Fiscal Code applicable on that date (Law 571/2003 with subsequent amendments and additions) the Company owed a tax on special constructions for the two nuclear-electrical plants in amount of 1% from the value of the existing constructions in balance as at 31 December of the previous year.

Starting 2016, due to the fact that the exception from a construction's definition is no longer applicable for a nuclear-electrical plant, determines the obligation for the Company to pay the tax on non-residential buildings pertaining to legal persons, for the two nuclear-electrical plants, to the Cernavoda Legal Council.

For 2016, the Cernavoda Local Council established the percentage of the non-residential construction tax owed by legal persons to be 0.5% applicable to the taxable amount.

The tax for special constructions owed by the Group for the six month period ended at 30 June 2016 is in amount of RON 983.238 (30 June 2015: 61.567.609 RON). The construction tax as at 30 June 2016 is in amount of RON 41.306.758 (30 June 2015: 4.976.060 RON, the value being included in "Other operating expenses" as at 30 June 2015). According to IFRIC 21, the Company fully recognized these debts and costs in the first quarter of 2016 and respectively 2015.

15. FINANCE INCOME AND COSTS

	6 months period ended 30 June 2016 (reviewed)	6 months period ended 30 June 2015 (reviewed)
Interest income	8.432.831	10.743.486
Foreign exchange gains	40.128.531	50.457.045
Finance income	48.561.362	61.200.531
Foreign exchange expenses	(54.352.469)	(56.267.643)
Interest expenses	(7.703.828)	(10.349.310)
Total finance costs	(62.056.297)	(66.616.953)
Net finance (Expense)	(13.494.935)	(5.416.422)

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16. COMPANY STRUCTURE

As at 30 June 2016 and 31 December 2015, the Company holds 100% of the share capital of Energonuclear SA. The value of participation on 30 June 2016 and 31 December 2015 is 141.666.101 RON.

Continuance of Energonuclear's activity

As at 30 June 2016 there is uncertainty about the Energonuclear capacity to continue its activity. The future operations of Energonuclear in relation to the Units 3 and 4 depend on the successful completion of the new project company incorporation process to continue the project of Units 3 and 4 and, respectively, the transfer of the Energonuclear value into a new project company, according to the Strategy provisions approved on 31 July 2014 by the Romanian Government and on 22 August 2014 by the Company's General Meetings of Shareholders.

The strategy provides the creation of a joint venture within the meaning of the Article 50 of the Law no. 137/2002, between SNN and a private investor, selected, respectively a Project Company ("Joint Venture" or "JV"), to which will be transferred the value invested by SNN in the Energonuclear branch. JV represents the predecessor company type IPP (Independent Energy Manufacturer – IPP), incorporated for a period of 2 years, period which may be changed with the parties approval, for the purpose of rechecking, under current conditions, the project's feasibility, the asset valuation and taking the final investment decision for passing to the Project implementation phase, respectively the IPP step.

Also, the approved Strategy for the Project continuation considers the capitalization of the existing assets, having a considerable value, found in the public patrimony – heavy water and uranium octoxide – and respectively in the Company's patrimony - land, buildings, equipments, etc. – and of Energonuclear, according to law. The heavy water inventory and the first load of nuclear fuel will be provided from Romania by the Romanian state and SNN, according to the Strategy.

Following the procedure for investors selection, on September 9, 2014, the company China General Nuclear Power Corporation ("CGN") has been appointed as Selected Investor for the development of the Project for the Units 3 and 4 Cernavoda NPP.

On 27 July 2015, the meeting of the Interministerial Commission for the Project of Units 3 and 4 CNE Cernavoda took place, following to which the Memorandum of Understanding („MoU”) was approved – document with the purpose of defining and agreeing upon the negotiation principles of the Investment Agreement, including annexes, in the form proposed by the Negotiation Commission and on 2 September 2015 it was approved by the Romanian Government.

The Memorandum of Understanding regarding the development, construction, operation and decommissioning of Units 3 and 4 CNE Cernavoda was approved by the General Meetings of Shareholders from 22 October 2015.

On 9 November 2015, the Memorandum of Understanding was signed by the management of the parties involved in the project: SNN and CGN.

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

On 8 May 2016, according to the provisions of article 11 paragraph (3) of the Memorandum of Understanding, concluded between the Company and CGN, the term established for performing an agreement on the Investment Documents was reached.

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Notes to the Condensed Consolidated Interim Financial Statements for the six months period ended 30 June 2016

(All amounts are in RON, unless stated otherwise)

CGN notified the Romanian party, on 5 May 2016, regarding the intention to continue the negotiations on the Investment Documents („DI”) during an additional 4 (four) months period.

On 16 May 2016, the Interministerial Commission for the project of Units 3 and 4 CNE Cernavoda approved the continuance of negotiations on DI for a period of 4 months, starting 9 May 2016, by applying all provision from MoU.

The continuance of negotiations with CGN was approved by the Romanian Government on 2 June 2016.

17. RELATED PARTIES TRANSACTIONS*i) Transactions with State-owned companies*

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

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

Significant transactions performed with the related parties of the Company in the six months periods ended on 30 June 2016 and respectively 30 June 2015 as well as the balances on 30 June 2016 and 31 December 2015 consist in the following:

	Sales for the 6 months period ended on		Receivables as at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
OPCOM	195.887.363	121.402.604	161.678	317.104
Electrica Furnizare	147.763.226	4.067.952	4.691.385	19.681.915
Utilitati publice Cernavoda	981.435	1.128.338	242.463	586.806
Transelectrica	322.855	369.724	59.669	161.931
CNCAN	-	-	4.500.000	-
Total	344.954.879	126.968.668	9.655.194	28.572.820
	Purchases for the 6 month period ended on		Payables at	
	30 June 2016	30 June 2015	30 June 2016	31 December 2015
ANDR	46.534.510	44.576.865	7.389.755	9.872.194
Apele Romane Bucuresti	27.557.565	28.478.301	9.300.756	12.255.673
Transelectrica	23.576.911	65.942.018	5.081.642	5.561.700
Administratia Bazinala de Apa Dobrogea - Litoral	4.912.887	5.291.919	1.187.250	3.095.244
CNCAN	4.500.000	4.500.000	-	-
Compania Nationala a Uraniului	3.846.499	47.861.697	2.631.723	2.258.854
OPCOM	307.723	6.307.154	53.056	103.976
Electrica Furnizare	82.966	64.603	10.766	10.378
ICSI Rm.Valcea	8.216	4.667.430	-	536.531
Total	111.327.276	207.689.987	25.654.948	33.694.550

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

The Group management is made of:

- members of the Board of Directors of the Company and of the Energonuclear's branch, having mandate contracts concluded with the Company;
- managers having mandate contracts within the Group;
- other managers within the Group having individual employment contracts concluded, as provided in the collective labour contracts, as applicable.

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

	6 month period ended on 30 June 2016 (reviewed)	6 month period ended on 30 June 2015 (reviewed)
Short-term benefits	2.701.326	2.608.635
	2.701.326	2.608.635

18. EARNINGS PER SHARE

As at 30 June 2016 and 30 June 2015 the earnings per share are as follows:

(i) *Basic earnings per share*

	6 months period ended on 30 June 2016 (reviewed)	6 months period ended on 30 June 2015 (reviewed)
(Net loss)/ Net profit for the period attributable to the Company's shareholders	(38.251.327)	1.578.909
Number of ordinary shares at the beginning of the period	301.513.851	281.782.756
Number of ordinary shares during the period (see the Note 9)	-	19.438.285
Weighted average number of ordinary shares at the end of the period	301.513.851	294.741.613
Basic earnings per share (RON/share)	(0,13)	0,01

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<i>(ii) Diluted earnings per share</i>	6 month period ended on 30 June 2016 (reviewed)	6 month period ended on 30 June 2015 (reviewed)
(Net loss)/ Net profit for the period attributable to the Company's shareholders	(38.251.327)	1.578.909
Number of ordinary shares at the beginning (a)	301.513.851	281.782.756
Number of ordinary shares issued during the period (see the Note 9)	-	19.438.285
Number of ordinary shares at the end of the period (a)	301.513.851	294.741.613
Number of shares corresponding to the prepaid reserve (b) (see Note 9)	-	297.800
Weighted average number of ordinary (diluted) shares at 30 June (a) + (b)	301.513.851	295.039.413
Diluted earnings per share (RON/share)	(0,13)	0,01

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19. FINANCIAL RISK MANAGEMENT**a. Financial risk factors***Credit risk*

Credit risk is the risk that the Group will bare a financial loss if a customer or counterparty fails to meet its contractual obligations, and this risks arises mainly from the Group's trade receivables from customers and investment securities.

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables, cash and cash equivalents and bank deposits. The sale of electricity is performed to customers on the regulated market and respectively on the competitive market, based on the framework established by ANRE and the rules of OPCOM market. The carrying amount of accounts receivable, net of allowance, represents the maximum amount exposed to credit risk.

As at 30 June 2016 the Company has significant concentration of credit risk, considering that approximately 62% (30 June 2015: 38%) of the trade receivables are from Electrica Furnizare SA, GEN-I d.o.o. and Enel Energie Muntenia SA (see Note 7).

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

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

	Carrying amount	
	30 June 2016	31 December 2015
Financial assets		
Net trade receivables	41.386.128	126.266.312
Cash and cash equivalents	177.771.174	259.943.096
Bank deposits	1.202.274.123	1.103.841.528
Other net receivables	51.580.781	37.313.103
	1.473.012.206	1.527.364.039

The ageing of trade receivables at the reporting date is:

	Gross 30 June 2016	Impairment 30 June 2016	Gross 31 December 2015	Impairment 31 December 2015
Neither past due nor impaired	36.945.680	(992)	125.835.797	-
Past due 1–30 days	4.203.415	(247)	370.601	(439)
Past due 31–90 days	197.215	(218)	5.041	(384)
Past due 91–180 days	41.958	(683)	16.828	(397)
Past due 181–270 days	251	(251)	39.324	(723)
Past due 271–365 days	758	(758)	1.450	(785)
Past due more than one year	12.844.626	(12.844.626)	12.845.825	(12.845.825)
Total	54.233.903	(12.847.775)	139.114.866	(12.848.554)

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

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

The ageing of other receivables at reporting date is:

	Gross 30 June 2016	Impairment 30 June 2016	Gross 31 December 2015	Impairment 31 December 2015
Neither past due nor impaired	23.664.544	-	35.807.848	-
Past due 1-30 days	5.772.237	-	1.298	-
Past due 31-90 days	22.013.948	-	190.501	(111.751)
Past due 91-180 days	-	-	243.029	(226.869)
Past due 181-270 days	111.751	(111.751)	42.954	(40.000)
Past due 271-365 days	-	-	-	-
Past due more than one year	3.679.173	(3.549.121)	4.688.345	(3.282.253)
Total	55.241.653	(3.660.872)	40.973.975	(3.660.872)

b. Carrying amount versus fair value

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

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

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	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Current financial assets			
Net trade receivables	41.386.128	41.386.128	2
Cash and cash equivalents	177.771.174	177.771.174	2
Bank deposits	1.202.274.123	1.202.274.123	2
Other net receivables	51.580.781	51.580.781	2
	1.473.012.206	1.473.012.206	

	Carrying amount	Fair value	Level
30 June 2016 (reviewed)			
Long term financial liabilities			
Long term borrowings	1.185.402.617	1.185.402.617	2
	1.185.402.617	1.185.402.617	

Current financial liabilities			
Trade payables, including suppliers of PP&E	151.614.606	151.614.606	2
Borrowings, short term portion of long term loans	214.420.226	214.420.226	2
Employee benefits and other payables	78.231.723	78.231.723	2
	444.266.555	444.266.555	

	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Financial assets			
Net trade receivables	126.266.312	126.266.312	2
Cash and cash equivalents	259.943.096	259.943.096	2
Bank deposits	1.103.841.528	1.103.841.528	2
Other net receivables	37.313.103	37.313.103	2
	1.527.364.039	1.527.364.039	

	Carrying amount	Fair value	Level
31 December 2015 (audited)			
Long term financial liabilities			
Long term financial borrowings	1.279.606.054	1.279.606.054	2
	1.279.606.054	1.279.606.054	

Short term financial liabilities			
Trade Payables, including Suppliers of PP&E	132.926.797	132.926.797	2
Borrowings, short term portion of the long term borrowing	202.048.304	202.048.304	2
Employee benefits and other payables	64.501.775	64.501.775	2
	399.476.876	399.476.876	

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

During the six months period ended 30 June 2016, the Group was involved in a number of litigations arising in the normal course of the activity. The management of the Group 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 fees. Non-resident income fee

At the request of the Court of Auditors, the company was submitted to a fiscal partial inspection regarding the taxes on the non-resident income for the period 2012-2014. The fiscal inspection was performed by the National Agency of Fiscal Administration, the General Directorate for Large Taxpayers Administration (ANAF-DGAMC). Following the termination of the fiscal inspection was drafted the Fiscal inspection report no. F-MC 287/08.10.2015, being also issued the taxation decision no. F-MC 2261/08.10.2015. By the taxation decision were established additional payment obligations in the total amount of RON 7.961.458, of which lei 5.797.714 a fee on the additional non-residents income, lei 1.450.145 delay increases and lei 713.599 delay penalties. These amounts were paid in October 2015.

The company submitted an appeal against the tax audit report and the taxation imposing decision on 08.11.2015. On 08.02.2016, the competent authority for appeals setting, respectively the General Directorate for appeals settings within ANAF communicated to the company the Decision no. 25/29.01.2016 by which orders the suspension of the claim resolution until the final resolution of the company's action against the assessments of the Court of Auditors which is the object of the file no. 4970/2/2015 on the dockets of the Bucharest Court of Accounts. Against this suspension decision, to suspend the appeal resolution, the company filed a claim at the Bucharest Court of Appeal (file no. 1367/2/2016), considering the reasons for suspending the appeal resolution are not grounded. The trial term provided by the Court of Appeal in question is 14.09.2016.

Against the report, the decision and conclusion of the Court of Auditors, regarding the rules measures on the non-residents income taxes, the company filed an appeal at the Court of Auditors which was rejected. Hereafter, the company submitted to the Bucharest Court of Appeal, two actions against the Control report no. 4371/10.04.2005, of the Decision no. 16/11.05.2015 and of the Conclusion no. 59/17.07.2015 issued by the Court of Auditors, one that regards the suspension of the application of the measures ruled regarding the non-resident income (file no. 4970/2/2015) and the other one regards the cancelation of these measures (file no. 4958/2/2015). On 07.10.2015 was accepted the suspension action on the file no. 4970/2/2015. In the file no. 4958/2/2015, the court accepted the action prepared by the company and cancelled the measure regarding the tax on non-residents income for the term from 10 March 2016. Both solutions were appealed by the Court of Auditors, the files currently being on the dockets of ICCJ, under the filtering procedure.

Also, on 18.12.2015, the company submitted a request for the cancellation of the accessory payment obligations based on the EGO no. 44/2015, the request submitted at the competent fiscal authority, respectively ANAF-DGAMC. On 06.07.2016 was issued the decision to cancel the delay penalties, of a 54.2% rate from interests and of a rate of 77.1% from the delay increases, for the main overdue payment obligations on 30 September 2015, in the total amount of RON 1.592.910

Therefore, the company appeals on the type of fiscal registration of certain services performed by non-residents during 2012-2014 which were considered royalties due to a presumed know-how transfer by the public external auditors,

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respectively by fiscal inspectors; this fiscal registration lead to establishing certain additional payment obligations following the fiscal inspection. The company shall use all legal ways in order to appeal the payment obligations.

In the opinion of the Group's management, currently there are no justice actions or claims affecting significantly the financial result and the Group's financial position, not being presented in these consolidated interim financial statements.

(ii) Commitments

As at 30 June 2016, the Group is committed to support operating expenses and investments of approximately 811 mil RON.

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

On 18 July 2016, the General Meeting of Shareholders approved the continuation of negotiations on the Investment Documents under the same conditions of MoU for a period of 4 months, starting 9 May 2016, by applying all the other provisions of MoU, including the possibility of any other party to terminate MoU without any compensation by a simple written notification to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was not caused by the respective Party.

Date: August 10, 2016

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

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