



SN Nuclearelectrica SA

Preliminary Unaudited Individual Financial Statements

as at and for the year ended

31 December 2016

prepared in accordance with

The International Financial Reporting Standards as adopted
by the European Union (IFRS-UE)

14 February 2017

SN Nuclearelectrica SA

Statement of Individual Financial Position as at 31 December 2016

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

	Note	31 December 2016 (unaudited)	31 December 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	4	7,108,714,387	7,474,555,551
Intangible assets		80,636,405	79,982,771
Financial investments	5	141,689,201	141,689,201
Total non-current assets		7,331,039,993	7,696,227,523
Current assets			
Inventories	6	329,750,306	323,222,947
Income tax receivable		-	1,173,730
Trade and other receivables		162,070,458	163,499,181
Prepayments		12,620,402	12,072,918
Bank deposits		1,245,073,268	1,103,841,528
Cash and cash equivalents		263,714,387	257,376,819
Total current assets		2,013,228,821	1,861,187,123
Total assets		9,344,268,814	9,557,414,646
Equity and liability			
Equity			
Share capital, out of which	7	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		31,474,149	31,474,149
Prepaid share reserve	7	21,553,537	21,553,537
Revaluation reserve	7	265,842,461	293,329,577
Retained earnings		3,973,320,801	3,936,724,775
Total equity		7,502,832,201	7,493,723,291
Liabilities			
Non-current liabilities			
Long term borrowings		1,087,961,815	1,279,606,054
Deferred income		143,446,616	157,791,277
Deferred tax liability		162,823,525	173,496,018
Employee benefits		31,907,054	31,796,021
Total non-current liabilities		1,426,139,010	1,642,689,370
Current liabilities			
Accounts payable and other liabilities		179,036,809	197,281,806
Current tax liability		9,149,859	-
Deferred income		6,181,408	21,671,875
Current portion of long term borrowings		220,929,527	202,048,304
Total current liabilities		415,297,603	421,001,985
Total liabilities		1,841,436,613	2,063,691,355
Total equity and liabilities		9,344,268,814	9,557,414,646

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Individual Profit and Loss Account for the financial year ended 31 December 2016

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

	<u>Note</u>	<u>2016</u> <u>(unaudited)</u>	<u>2015</u> <u>(audited)</u>
Revenues			
Sales of electricity	8	1,620,764,948	1,673,421,590
Electricity transmission revenues		26,861,292	75,247,078
Total revenues		1,647,626,240	1,748,668,668
Other income		32,589,302	34,329,171
Operating expenses			
Depreciation and amortisation	4	(474,779,554)	(493,762,157)
Personnel expenses		(297,732,932)	(301,369,015)
Cost of traded electricity		(22,671,057)	(26,828,898)
Repairs and maintenance		(126,168,292)	(129,820,114)
Electricity transmission expenses		(26,861,292)	(75,247,078)
Costs with spare parts		(21,243,702)	(18,721,768)
Cost of uranium fuel		(141,035,201)	(139,198,799)
Other operating expenses	9	(411,696,316)	(437,910,555)
Total operating expenses		(1,522,188,346)	(1,622,858,384)
Operating profit		158,027,196	160,139,455
Finance costs		(118,994,718)	(150,843,084)
Finance income		90,004,639	169,027,593
Net finance income/(cost)	10	(28,990,079)	18,184,509
Profit before income tax		129,037,117	178,323,964
Income tax expense, net		(20,368,721)	(29,180,235)
Net profit for the year		108,668,396	149,143,729

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Individual Statement of the Comprehensive Income for the financial year ended 31 December 2016

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

	2016	2015
	(unaudited)	(audited)
Profit for the year	108,668,396	149,143,729
Other comprehensive income		
Revaluation of PPE	-	3,772,653
Deferred tax related to revaluation reserve	-	(603,624)
Actuarial gains/ (losses) on defined benefit plants	(59,915)	1,447,515
Other comprehensive income	(59,915)	4,616,544
Total comprehensive income	108,608,481	153,760,273
Basic earnings per share (lei/share)	0.37	0.50
Diluted earnings per share (lei/share)	0.37	0.50

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Individual Statement of Changes in Equity for the year ended 31 December 2016

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

	Note	Share Capital	Share Capital Premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2016 (audited)		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>		-	-	-	-	108,668,396	108,668,396
<i>Other comprehensive income (AERG)</i>		-	-	-	-	(59,915)	(59,915)
Total comprehensive income for the period		-	-	-	-	108,608,481	108,608,481
Transfer of revaluation reserve	<u>7</u>	-	-	-	(27,487,116)	27,487,116	-
Dividends declared	<u>7</u>	-	-	-	-	(99,499,571)	(99,499,571)
Balance as at 31 December 2016 (unaudited)		3,210,641,253	31,474,149	21,553,537	265,842,461	3,973,320,801	7,502,832,201

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Individual Statement of Changes in Equity for the year ended 31 December 2016

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

Note	Share Capital	Share Capital Premium	Prepaid share reserve	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2015 (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>	-	-	-	-	149,143,729	149,143,729
<i>Other comprehensive income (AERG)</i>	-	-	-	3,169,029	1,447,515	4,616,544
Total comprehensive income for the period	-	-	-	3,169,029	150,591,244	153,760,273
Shares issue	197,310,952	-	(197,304,802)	-	-	6,150
Transfer to reserves	(2)	-	-	-	2	-
Transfer of revaluation reserve	-	-	-	(23,244,513)	23,244,513	-
Prepaid reserve increase	-	-	1,037,362	-	(27,753)	1,009,609
Dividends declared	-	-	-	-	(90,366,312)	(90,366,312)
Balance as at 31 December 2015 (audited)	3,210,641,253	31,474,149	21,553,537	293,329,577	3,936,724,775	7,493,723,291

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

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 main operating location is in Cernavoda, where the Company has two operating nuclear reactors (Nuclear Power Plant Units 1 and 2) and the main activity of the Company is to generate electricity. The Company is listed on the Bucharest Stock Exchange.

2. BASIS OF PREPARATION

a) Statement of compliance

The individual unaudited preliminary financial statements were prepared on the basis of Ministry of Public Finance Order no. 2844/19th of December 2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards - “IFRS-UE” (“OMFP 2844/2016”). As per the OMFP 2844/2016, 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 European Council dated on July 19th 2002 regarding the application of the international accounting standards.

These preliminary unaudited individual financial statements are presented in advance of finalizing all the internal analysis and revision procedures as well as the independent audit and as a consequence may be amended; at the same time, these financial statements do not represent a complete set of financial statements in accordance with IFRS-EU.

These preliminary unaudited individual financial statements include only the Statement of Individual Financial Position, the Individual Profit and Loss Account, the Individual Statement of the Comprehensive Income and Selected accompanying Notes to the individual financial statements prepared for the financial year ended 31 December 2016.

These preliminary unaudited individual financial statements were authorized for issue and signed by the management of the Company on 14th of February 2017.

b) Use of estimates and judgements

The preparation of these preliminary unaudited individual financial statements requires management to make judgements, 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 recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements 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 financial year ended on December 31, 2015.

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these individual unaudited preliminary financial statements are the same as those applied in the individual financial statements of the Company for the financial year ended on December 31, 2015 with the exception of the ones mentioned below.

Inventories

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

Following the analysis made by the management of the Company it was concluded that the use of WAC method would produce credible results in the annual financial statements for their users. In this context, starting from the 1st of January 2016 the accounting policy used in order to determine the cost of the discharged inventories was changed from FIFO to WAC.

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

In accordance with the accounting policies of the Company, the land, buildings and constructions are recorded at fair value.

The revaluations are performed with sufficient regularity in order to ensure that the book value is not significantly different from the value that could be determined using the fair value at the end of the reporting period; thus, the tangible assets recorded at fair value were revalued as at December 31, 2015 by an independent valuer (East Bridge SRL, member of National Association of Authorized Valuers from Romania - ANEVAR). Previous to this revaluation, the special constructions were previously revalued, as at December 31, 2013, the administrative buildings as at December 31, 2002, and land as at December 31, 2009.

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

As at December 31, 2016 Depreciation and amortization presented in the statement of the comprehensive income includes besides the depreciation and amortization of tangible and intangible assets the amount of RON 6,510,334 representing net income from provision reversal for impairment of fixed assets proposed to be scrapped following the annual stocktake.

5. FINANCIAL INVESTMENTS

The financial investments are mainly represented by the investment in Energonuclear S.A. ("Energonuclear"). As at December 31, 2016 and December 31, 2015, the Company owns 100% of the share capital of Energonuclear S.A. As at December 31, 2016 and December 31, 2015 the value of the equity stake amounts to RON 141,666,101.

Continuity of Energonuclear S.A. activity

As at December 31, 2016, there are some uncertainties regarding Energonuclear's capacity to continue its activity. The future operations of Energonuclear regarding Units 3 and 4 are dependent on the successful concluding of the establishment of the new project company and, respectively, the transfer of Energonuclear value to the new company according to the Strategy approved on July 31, 2014 by the Romanian Government and on August 22, 2014 by the Extraordinary General Meeting of Shareholders of the Company.

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

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

Upon the investors' selection procedure, on September 9th 2014, the company China General Nuclear Power Corporation („CGN") was designated as Selected Investor for the development of the Cernavoda NPP Units 3 and 4. On October 17, 2014, the Joint Letter regarding the Intention to develop the Project was signed.

The negotiations are carried through a Negotiation Committee under the coordination of the Inter-ministries Committee. The members of the Negotiation Committee are appointed by the Minister of Energy, and the members of Inter-ministries Committee are appointed by the Prime Minister. The Company is represented by members appointed by both committees.

The Memorandum of Understanding („MoU") on the development, construction, operation and decommissioning of Cernavoda NPP Units 3 and 4 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, respectively SNN and CGN.

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

After signing the MoU, the parties were in the process of negotiating the Investment Agreement and the Articles of Incorporation ("Investment Documents") of the new company project, a process that represents the last phase of the Selection procedure for investors, according to Government Strategy to continue project Units 3 and 4 of Cernavoda.

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

In accordance with Article 11 paragraph (3) of the MoU, concluded between the Company and CGN, the deadline for termination of the Investment Documents ("ID") agreement was on May 8, 2016. CGN has notified the Romanian party on May 5, 2016 on the intention to continue the negotiations for the ID over an additional period of 4 (four) months.

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

Continuation of negotiations with CGN was approved by the Romanian Government on June 2, 2016. On July 18, 2016 the Extraordinary General Meeting of Shareholders approved the continuation of negotiations upon the Investment Documents under the same conditions as those of MoU for a 4-months period, starting on May 9, 2016, by applying all the other provisions provided in the MoU, including the possibility of either party to terminate the MoU with no damage and by a simple written notification transmitted to the other Party, if no agreement upon the Investment Documents was reached and unless the delay was caused by that Party.

By the Decision no. 8/17.10.2016 of the Extraordinary General Meeting of Shareholders it was approved to continue negotiations on the Investment Documents under the same conditions provided by the MoU until 20th of December 2016.

During 6 – 20 December 2016 several meeting took place between the Negotiation Committee and CGN, together with consultants of both parties, in order to clarify and reword some clauses used during the negotiations. Following these meetings, on December 20, 2016 CGN expressed readiness to continue talks on Investment Documents beyond the deadline of December 20, 2016.

On January 31, 2017, the Negotiation Committee has approved a proposal to continue negotiations on Investments Documents in the same conditions of the MoU, until June 30, 2017, formalities for obtaining a mandate from the Inter-ministries Committee, the Romanian Government and that SNN General Meeting of Shareholders on further negotiations being initiated.

In the context of the new European policy on energy and environment for the time horizon until 2030, nuclear energy is a viable solution for achieving ambitious targets in order to reduce emissions of greenhouse gases, while ensuring energy security and an affordable price for the end-users, and increasing the independence of the country in terms of energy. In this context, the completion of the Project Units 3 and 4 at Cernavoda NPP is a priority of the energy sector development, provided by the Romanian Energy Strategy 2007-2020 approved by Government Decision no. 1069/2007.

The Project for Units 3 and 4 is mentioned as a priority project in the project of energy strategy for the period 2016 - 2030 as it was made public by the Ministry of Energy. Also, the Project for Units 3 and 4 was declared as project of strategic importance during 2016 by SCND (Supreme Council of National Defence).

SN Nuclearelectrica SA

Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2016
(All the amounts are in RON, unless stated otherwise)

Romanian Government support for the project Units 3 and 4 is corroborated with measures at different stages of analysis designed to stimulate the interest in investment for projects in energy capacity based on technologies with low-carbon emissions:

- Promoting of the appropriate legal framework for securing electricity sales and increasing of predictability of return on investment in large projects for production of low-carbon capacities, in accordance with the European legislation.
- the possibility of the State guarantee as a necessary tool to secure financing for large energy infrastructure investments.

Thus, in the next period are expected decisions from the competent authorities (Ministry of Energy, Government of Romania) and the SNN General Meeting of Shareholders leading to formalize the continuation of the negotiation process which had the last term on December 20, 2016.

In this context, of expectations related to further support of Romanian Government and, respectively, of the majority shareholder for this project, the Company's management is confident that the project developed by Energonuclear that would be continued by the new project company will continue and there will be a future demand for electricity to be produced by Units 3 and 4, as well as investment in Energonuclear SA and the value of other assets related to Units 3 and 4 (buildings, equipment etc.) will be recovered, according to the Strategy.

6. INVENTORIES

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

	31 December 2016	31 December 2015
	(unaudited)	(audited)
Spare parts	130,822,416	140,662,839
Materials and other materials	43,736,372	46,920,353
Nuclear fuel	101,717,321	98,500,893
Uranium	49,372,687	28,328,866
Other inventories	3,401,510	8,809,996
TOTAL	329,050,306	323,222,947

7. EQUITY

Share capital

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

At December 31, 2016 and December 31, 2015, the share capital includes the effects of the restatements recorded in the previous years in compliance with the application of IAS 29 "Financial reporting in hyperinflationary economies". The reconciliation of the share capital is presented below:

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2016
(All the amounts are in RON, unless stated otherwise)

	<u>31 December 2016</u> <u>(unaudited)</u>	<u>31 December 2015</u> <u>(audited)</u>
Statutory share capital (nominal value)	3,015,138,510	3,015,138,510
Restatement differences in accordance with IAS 29	195,502,743	195,502,743
Restated share capital balance	<u>3,210,641,253</u>	<u>3,210,641,253</u>

As at December 31, 2016 and December 31, 2015, the value of the share capital subscribed and fully paid is of RON 3,015,138,510, made up from 301,513,851 ordinary shares, each with a nominal value of RON 10.

The holders of ordinary shares have the right to receive dividends, as they are declared at certain periods, and also one voting right per share within the General Meeting of Shareholders.

The structure of the shareholders as at December 31, 2016 and December 31, 2015 is as follows:

Shareholders	<u>No of shares</u>	<u>% out of share capital</u>
Romanian State	248,736,619	82.4959%
Fondul Proprietatea SA	27,408,381	9.0903%
Other shareholders	25,368,851	8.4138%
TOTAL	<u>301,513,851</u>	<u>100%</u>

Prepaid share reserves

Prepaid share reserves are in amount of RON 21,553,537 at December 31, 2016 and December 31, 2015 and represent public utility objectives from Cernavoda NPP (RON 5,439,321 RON at December 31, 2016 and December 31, 2015), budgetary allowances related to the period 2007 – 2011 for the construction of the Training and recreational centre for youth and children from Cernavoda (RON 16,114,216 at December 31, 2016 and December 31, 2015).

Reevaluation reserves

At December 31, 2016, the reevaluation reserve is in amount of RON 265,842,461 (December 31, 2015: RON 293,329,577), net of deferred tax liability related to the reevaluation reserve.

The Company recorded a decrease of the reevaluation reserve in amount of RON 27,487,116 following to its transfer in the retained earnings.

Retained earnings

During the financial year ended as at December 31, 2016, the Company declared dividends to its shareholders in amount of RON 99,499,571.

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2016
(All the amounts are in RON, unless stated otherwise)

8. SALES OF ELECTRICITY*(i) Sales of electricity revenues*

	2016 (unaudited)	2015 (audited)
Electricity sales on the regulated market	236,674,991	357,308,080
Electricity sales on the competitive market	1,382,050,803	1,314,010,852
Thermal energy sales	2,022,068	2,096,158
Revenues from green certificates sales	17,086	6,500
Total	1,620,764,948	1,673,421,590

(ii) Sold electricity quantity

	2016 (unaudited)	2015 (audited)
Quantity of energy sold on the regulated market (MWh)	1,454,563	2,252,443
Quantity of energy sold on the competitive market (MWh)	8,975,937	8,528,174
Total	10,430,500	10,780,618

The Company participates on the balancing market and is also a Responsible Party for the balancing as per the conventions concluded with the transport and system operator, Transelectrica SA, The quantity of energy presented above does not include the quantity of energy related to the revenues from positive imbalances capitalized on the Balancing Market, in the amount of 26,803 MWh for the financial year ended at December 31, 2016 (43,532 MWh in the financial year ended at December 31, 2015).

9. OTHER OPERATING EXPENSES

	2016 (unaudited)	2015 (audited)
Third party services	95,353,318	100,902,751
Expenses with ANDR	93,058,314	95,169,393
Expenses with energy and water	75,624,404	77,735,435
Fuels, lubricants and other consumables	36,154,749	37,217,067
Insurances	12,477,421	11,587,367
Transportation and telecommunications	6,095,610	6,441,091
Special construction tax	983,235	61,567,609
Building tax	41,306,577	-
Other operating expenses	50,642,688	47,289,842
Total	411,696,316	437,910,555

„Other operating expenses” mainly include expenses with different taxes, land tax and provisions.

Starting 2016, according to the new Tax Code (Law 227/2015) the nuclear power plants are no longer exempted from the definition of a building. Thus, in 2014 and 2015 respectively, based on the Tax Code applicable at the time (Law 571/2003 with subsequent amendments) the Company owed special construction tax for the two nuclear units.

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2016
(All the amounts are in RON, unless stated otherwise)

Starting 2016, as the exception to the definition of a building is no longer applicable to a nuclear power plant, the Company is obliged to pay the tax on non-residential buildings belonging to legal persons for the two nuclear reactors to the Cernavoda Local Council. At the same time, as building tax is due, special construction tax on the two nuclear units will not be owed in 2016

Unlike the tax on special constructions scheduled to be eliminated starting 2017, the building tax will also be due by the Company in the future, unless the exception of nuclear power plants from the definition of a building, along with hydroelectric and thermoelectric plants stipulated in the old Tax Code art. 250, para. (1) is reinserted in a further amendment to the Tax Code.

The tax on non-residential buildings belonging to legal persons is established as a quota between 0.2% - 1.3% of the taxable value of the buildings, percentage which may be increased in certain circumstances by up to 50% by local authorities.

For 2016, the Cernavoda City Council set the tax rate on non-residential buildings owned by legal entities at 0.5% of the taxable value of buildings.

The tax for special constructions owed by the Company as at December 31, 2016 amounts to RON 983,235 RON (December 31, 2015: RON 61,567,609). As at December 31, 2016 the building tax amounts to RON 41,306,577 (December 31, 2015: RON 4,894,444, value included in the caption "Other operating expenses" as at December 31, 2015).

10. FINANCE INCOME AND COSTS

	2016	2015
	(unaudited)	(audited)
Interest income	14,497,150	20,261,165
Foreign exchange gains	75,494,830	148,035,144
Dividend income	12,659	731,284
Total finance income	90,004,639	169,027,593
Foreign exchange losses	(100,878,654)	(130,289,757)
Interest expenses	(18,116,064)	(20,553,327)
Total finance costs	(118,994,718)	(150,843,084)
Net finance (costs)/income	(28,990,079)	18,184,509

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements

SN Nuclearelectrica SA

Selected accompanying notes to the individual financial statements prepared for the financial year ended 31 December 2016
(All the amounts are in RON, unless stated otherwise)

11. SUBSEQUENT EVENTS*Litigation started by Fondul Proprietatea SA*

The file no. 40046/3/2014 had a hearing on January 17, 2017 before the Bucharest General Court, seeking the annulment of the Decision no. 8/06.10.2014 issued by the General Extraordinary Meeting of Shareholders of SNN. By SNN Decision no. 8/06.10.2014, issued by the General Extraordinary Meeting of Shareholders, the increase of the Company's share capital with a maximum cash input in total amount of RON 239,172,630 was approved, from the actual amount of RON 2,817,827,560 to the value of RON 3,057,000,190, by issuing a maximum number of 23,917,263 new, nominative, dematerialized shares at a price of 10 RON/share, equal to the nominal value (excluding the share capital premium). The court set a hearing date for the file for February 28, 2017, to allow the Company to present all financial accounting documents attesting the transferred amounts from which the capital increase was ordered.

Daniela Lulache
Chief Executive Officer

Mihai Darie
Chief Financial Officer

The accompanying notes from 1 to 11 are part of these preliminary unaudited individual financial statements